THE EFFECTS OF PERFORMANCE APPRAISAL ON EMPLOYEE ATTITUDE: A CASE STUDY OF FIRST ALLIED SAVINGS AND LOANS LTD.

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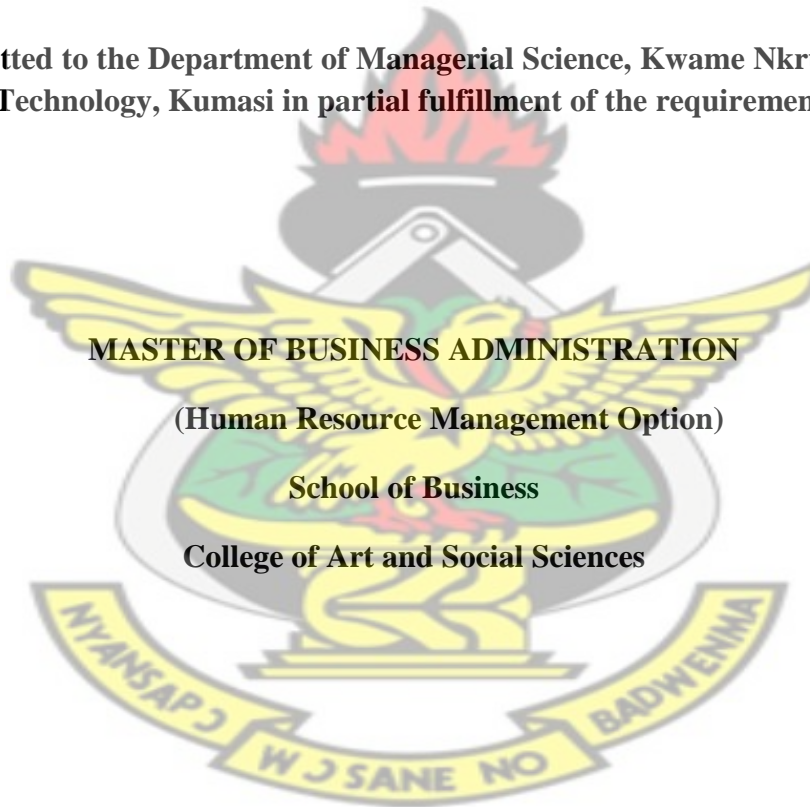
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DECLARATION

I, the undersigned, hereby declare that this dissertation was entirely done by me under the due supervision of Mr. J. K. Turkson, a lecturer at KNUST School of Business of the Kwame Nkrumah University of Science and Technology, Kumasi. To the best of my knowledge, it is the true representation of the outcome of this research study. That, due acknowledgements to authors' information and other resourceful materials, manifested in this research study, have been made by way of references.

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DEDICATION

This dissertation is dedicated to my parents Ben H. Asamoah and Cecilia Birago Asamoah who have continuously loved and supported me. I have always appreciated their selfless and unconditional support while I embarked on many challenging journeys, including this thesis.
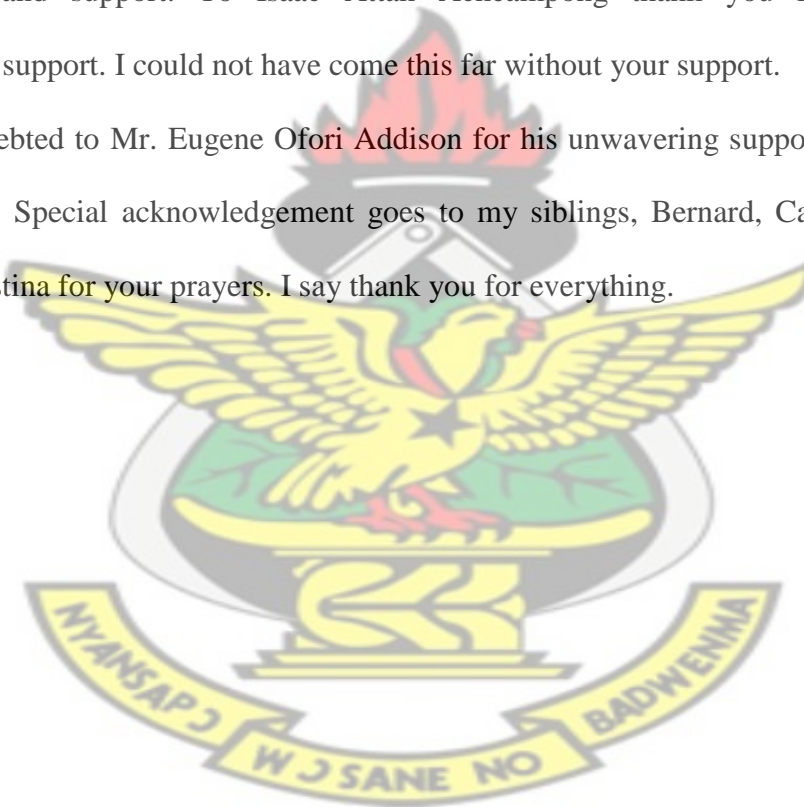
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ABSTRACT

The research was intended to determine how performance appraisal affect employees' attitude and at the long run work performance. The study assessed the performance appraisal process of FASL and whether the process is a fair one. Questionnaires were designed using structured questions to collect primary data from employees of FASL. Population for the research was drawn from management, senior and junior staff from Obuasi and Kumasi Branches (Adum, Roman Hill, Suame, and Asafo). The entire population was used for the research. Personal interview was also conducted with the Head of Human Resource Department and questionnaires were used to collect data. The results indicated that FASL's employees were not given enough feedback concerning their work performance and viewed the system to be bias. Most of the respondents were of the view that the main shortcoming to performance appraisal was favoritism. It was discovered that, Performance appraisal had an impact on employees' performance, thus, when appraisal is fairly done, employees tend to be pleased and it reflects in their work output on the other side, when it's poorly done employees become bitter and it affects their performance. Effective and fair performance appraisal process would enhance employees' performance. The studies also revealed that majority of the respondents were not counseled after performance appraisal. It is recommended among other things, that the processes involved in performance appraisal should be duly followed; FASL should make sure that feedback is given so as to help employees know how they are faring on the job.

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LIST OF ABBREVIATIONS

FASL   -   First Allied Savings & Loans Ltd

HRD   -   Human Resource Development

PM   -   Performance Management

PA   -   Performance Appraisal

PAS   -   Performance Appraisal Systems

CHAPTER ONE

INTRODUCTION

1.0 Background of the study

Performance appraisal was introduced by Lord and Taylor (1914). As a result, many companies were influenced by Frederick Taylor's "Scientific Management" efforts of the early twentieth century. It is therefore believed that the continued success of each organization depends on its performance appraisals. Employee performance appraisal is one of the most commonly used management tools. Performance appraisals have far reaching consequences on people. If evaluators in any way discriminate against employees, these individuals can suffer devastating and potentially debilitating consequences. Given the possibility that adverse judgments can be made about an individual's performance, it is possible that performance appraisals might not be fair. Evaluators might allow their biases, prejudices and stereotypical attitudes to negatively influence the outcome.

In the early part of this century, performance appraisals were used in larger organizations mostly for administrative purposes, such as making promotions and determining salaries and bonuses. Since the 1960s, however, companies and researchers have increasingly stressed the use of employee evaluations for motivational and organizational planning purposes. Indeed, for many companies, performance appraisal has become an important

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tool for maximizing the effectiveness of all aspects of the organization, from staffing and development to production and customer service.

In organizational setting, performance appraisal is defined as a structured formal interaction between a subordinate and a superior, that usually takes the form of a periodic interview which could either be annual or semi-annual, in which the work performance of the subordinate is examined and discussed with the view to identifying strength and weaknesses as well as opportunities for improvement and skill development. Moorhead and Griffin (1992) describe it as a process of evaluating work behaviours by measurement and comparison to previously established standards, recording results, and communicating them back to the employee. It is an activity between a manager and an employee.

During performance appraisal meetings, a number of methods can be used to document, or record, or summarize performance discussions, ranging from narratives, rating scales, critical incident summaries, etc. The main purpose of appraisals is to help manage staff effectively and use human resources and ultimately, to improve productivity. When conducted properly, appraisals serve that purpose by:

(1) showing employees how to improve their performance

 (2) setting goals for employees

 (3) helping managers to assess subordinates' effectiveness and take actions related to

hiring, promotions, demotions, training, compensation, job design, transfers, and

terminations (Latham, et al 1994).

A number of studies highlight that a number of employees report being victims of unfair performance evaluations (Blasé and Blase, 2003; Bryne,1971; Huo and Tyler, 2001) The outcome, the procedures followed, information used, and the interpersonal dynamics between an evaluator and an evaluee of performance appraisals may impact on employee negatively. For example, an unfair performance review may result in an employee being fired. The emotional stress of losing one's job as a result of an unsatisfactory performance appraisal can result in physical manifestations from lethargy to muscle pain to cardiac and respiratory problems (Blasé and Blase, 2003). In another situation, an employee may experience similar emotional and physical reactions if an unfair performance appraisal resulted in his or her being put on review which would require more frequent performance appraisals.

Where performance appraisal is conducted properly, both supervisors and subordinates have reported the experience as beneficial and positive.

Fairness of performance appraisal procedures may be associated with fairness of outcomes (Lindquist, 1995). The instrumental theory of procedural fairness (Thibaut and Walker. 1975; Lind and Tyler, 1988) proposes that fairness of procedures may lead to fairer decisions or outcomes. Greenberg and Folger (1983: 236) explain as follows: 'If the process is perceived as being fair, then there is a greater likelihood that the outcomes resulting from that process will be considered fair. The tendency for procedural justice to influence distributive justice has been called the fair process effect'. Performance appraisal offers a valuable opportunity to focus on work activities and goals, to identify

and correct existing problems, and to encourage better future performance. Thus the performance of the whole organization is enhanced.

1.1 Statement of the problem

The main challenge that faces managers in all types of organizations is how to get maximum performance from their employees. Performance appraisal, therefore, seems to be inevitable. In the absence of a carefully structured system of appraisal, people will tend to judge the work performance of others, including subordinates, naturally, informally and arbitrarily. The human inclination to judge without a structured appraisal system can create serious motivational, ethical and legal problems in the workplace. Without a structured appraisal system, there is little chance of ensuring that the judgments made will be lawful, fair, defensible and accurate. It is in the light of this that the present study intends to investigate the effects of performance appraisal on employee attitude.

1.2 Objectives of the study

The objectives of the study have been divided into two. These are the general objective and specific objectives.

1.2.1 General Objective

The main objective of this study is to investigate into the effects of performance appraisal on employees' attitude at FASL.

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1.2.2 Specific Objectives

The specific objectives of the study are as follows:

(a) to determine whether performance appraisal is done effectively and efficiently at FASL.

(b) to explore the attitudes of the employees and correlation between fair and biased performance appraisal at FASL.

(c) to understand the attitudes of the employees after performance appraisal at FASL.

(d) to identify challenges inherent in performance appraisal system at FASL

(e) to identify the benefits associated with performance appraisal system at FASL

(f) to make recommendations on how to improve on performance appraisal system at FASL.

1.3 Research Questions

In order to achieve the aims of the study the following research questions are considered.

1. How effective is performance appraisal done at FASL?

2. What are the attitudes of employees towards performance appraisal at FASL?

3. Does the attitude of employees towards work change after performance appraisal at FASL?

4. What are the challenges of performance appraisal at FASL?

5. What are some of the benefits associated with performance appraisal at FASL?

6. What recommendations do you have to improve performance appraisal at FASL?

1.4 Significance of the study

The outcomes of this study will first, enable managers to identify the areas where development efforts are needed so that personal and career development will be

enhanced. Again it will help managers to make out individuals who have specific skills so that their promotions and transfer will be in line with organizational requirements. In addition, it will enable managers to administer a formal organization reward and counsel poor performers. Furthermore, it will inform managers about which selection devices and development programs are needed for the smooth running of organizations. Finally, other researchers studying in the field of human resource management may find this research helpful to extend their knowledge about performance appraisals.

1.5 Brief Methodology

This section outlines the various process employed in the investigation of the effects of performance appraisal on employee attitude at FASL. It describes the research design which covers sources of data. The main sources of data were identified to be primary and secondary. Questionnaire and interview were used as the main instrument to collect data from the two main sources. Data collected were analysed through the use of Statistical Package for Social Science (SPSS) and excel.

1.6 Limitations of the study

Financial resource was a major limitation to the research. Time constraint was the most frustrating as some of the respondents did not fill the questionnaire due to lack of time. Again some of the employees gave safeguarded answers to some crucial questions. Retrieval of answered questionnaires was a real challenge to the research.

1.7 Organisation of the study

This study has been organized into five chapters. Chapter one is on introduction. It also covers units such as Background of the Study, Problem Statement, Objectives of the

study, Research questions, Significance of the Study, Limitations and Organization of the study. The second chapter deals with review of related literature concerning the study. The third chapter deals with an explanation of the research process and the methods adopted for collecting and analyzing data. These are   population, instrument for data collection and administration of questionnaires. Chapters four and five dealt with analysis and Interpretation of data and finally discussion of findings, conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

In this chapter, some literature will be reviewed on performance appraisal and how employees feel about the appraisal system. There are a number of researches that have been conducted on performance appraisal.

2.1 Overview of Performance Appraisal

People are important resource, Wright (2001), and like all resources they must be managed properly so as to assist them perform at their peak. According to Marcky and Johnson (2000) Human Resources Management (HRM) refers to all the processes and activities aimed at utilizing all employees to achieve organizational ends. They suggested that HRM involves;

(a) Staffing, where the organization employs the right people to help it achieves it goals.

(b) Performance management, that these people's actions add value to the organization; they are rewarded and trained appropriately.

(c) Retention (through staffing and performance management)

(d) Compliance with government legislation and ensuring appropriate policies and procedures are implemented

(e) Change management.

As organizations get bigger, a formal performance appraisal system aids administrative decision such as pay increases and promotions, redundancy or termination, development

needs and for employees, the process may assist them in career choices and may increase their commitment and satisfaction due to improvements in organisation's communication (Weise and Buckley, 1998).

To get the most of this resource from people, they must be motivated. However, Cole (2001) and Wright (2001) argue that people cannot be motivated. They went further to say that, people motivate themselves and managers can provide the environment to help them be motivated.

There are many ways to provide a motivational environment for employees and these include developing their skills, giving them feedbacks and rewarding in ways that mean something to them. Therefore performance appraisal can be used as a tool to assist managers in motivating their employees.

The three major objectives of (HRM) are to attract potentially qualified job applicants, retain desirable employees and motivate employees (Kramar, et al 1997). The aim being to influence the financial bottom line, through improved productivity, improved quality of work life and legal compliance. One way of achieving this is by evaluating employees on their job performance. This is said to foster feelings of well-being and enhance performance (Sargent and Terry, 1998) and provide employees with job satisfaction, motivation and involvement in the workplace (Parker, 1993).

To assist in meeting organizational goals, organizations may wish to implement Human Resource (HR) programmes such as performance evaluations, training and development. If this is the case, then it is important to consider how these initiatives will impact on the

employees, such as the degree to which the individual has input or influence in areas that directly or indirectly affect their task domain (Asforth and Saks, 2000).

Numerous organizations employ a formal or informal assessment system that measures employees performance and contribution (Carroll and Scheiner, 1982). Cones and Jenkins (2000) suggest that performance appraisal is a mandated process in which, for a specified period of time, all or a group of employees' work behaviours or traits are individually rated, judged, or described by a rater and the results are kept by the organization. DeNisi et al (1984) indicated that performance appraisal is an exercise in social perception and cognition embedded in an organizational context requiring both formal and informal judgment. Karol (1996) considered performance appraisal to include a communication event scheduled between a manager and an employee expressly for the purpose of evaluating that employee's past job performance and discussing relevant areas of future job performance.

2.2 The Concept of Human Resource Management (HRM)

For any enterprise to function effectively, it must have money, materials, suppliers, equipment, ideas about the services or products to offer those who might use its outfit and finally people, which is the human resource, to run the enterprise. The effective management of people at work is HRM (Armstrong 1996). HRM has emerged as a major function in most organizations and is the focus for a wide ranging debate concerning the nature of the contemporary employment relationships. Managing human resources is one of the key elements in the coordination and management of work organizations. Beer et al (1984) define HRM as the involvement of all management decisions and actions that affect the nature of the relationship between the organization and its employees - the

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human resources. General management makes important decisions daily that affect this relationship, and it leads to a map of HRM territory.

2.3 The Concept of Performance Management (PM)

According to Aguinis (2007), PM is a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization. PM includes any management activity aimed at improving performance through training and developing employees, establishing performance standards, appraising performance, setting performance plan, and through managing career mobility (Matheny, 2003). Employee Performance Management is a process that companies use to ensure their employees are contributing to producing high quality product or service. Employee performance management encourages the employee to get involved in the planning for the company, and therefore anticipates by having a role in the process the employee will be motivated to perform at a high level (Kirk, 2005).

PM is an ongoing, continuous process of communicating and clarifying job responsibilities, priorities and performance expectations in order to ensure mutual understanding between supervisors and employees. It is a philosophy which values and encourages employee development through a style of management which provides frequent feedback and forsters teamwork. It emphasizes communication and focuses on adding value to the organization by promoting improved job performance and encouraging skill development. Employee Performance management includes planning work and setting expectations, monitoring performance continually, developing the capacity to perform, periodically rating performance and rewarding good performance.

PM involves clarifying the job duties, defining performance standards and documenting, evaluating and discussing performance with each employee. A well designed performance Management System (PMS) should be the cornerstone of every firm's employee development efforts (Messer and Mires 1965). The greatest employee's development occurs when managers continuously coach and mentor their employees' based on on-the-job experience. This experience creates additional employees capabilities and competencies. For greater effectiveness, this process involves establishing clear expectations and defining job responsibilities, performance measures, and ways that the employees and supervisor will work together to enhance performance. Reviewing employees' performance annually is insufficient for optimal performance management. For PM system to be effective, employees' reviews should not be once a year but should be an ongoing event. Feedback must be immediate as well as continuous, thus, not saved up all year long and dumped on the employee during annual review. Timely feedback has a long lasting effects because the learning can be applied immediately, preventing a problem from growing out of control. The best performance results are realized when a supervisor gives feedback.

2.4 The Concept of Performance Appraisal (PA)

A significant direction of research regarding PA efficacy and approaches for evaluation has concentrated on employee satisfaction and perceptions of the process. As a result of this, researchers and practitioners have taken a more comprehensive view of performance appraisal system efficacy and evaluation of systems. One common theme of recent research is that attitudes of the system's users toward the process determine to a large degree the ultimate effectiveness of a performance appraisal system (Roberts, 1990).

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Regardless of the definition or the specific components included, PA in most organizations is formal, and structured. The process is generally defined to include an interview between the rater and the ratee as well as performance documentation required by the formal evaluation system. One descriptor left out of most definitions is that performance appraisal is often dread by participants. Folger and Lewis (1993) suggest that performance appraisals typically engender the same degree of enthusiasm as paying taxes.

Folger et al (1992) argued that instead of focusing on accuracy, the goal of PA should be ensuring fairness in the process, which is a more achievable goal. Researchers started to adopt the view point that employees' perceptions of fairness are more important than objective accuracy of the appraisal system. If an accurate appraisal system is perceived as unfair, it may lead to negative consequences or, it is possible that an accurate appraisal tool that is perceived as fair may not lead to negative outcomes. Fairness should be adopted not only because accuracy is not achievable but also because it is an important societal value and feelings of injustice have important consequences for the society and the workplace (Sabbagh, et al, 1994, Sashkin and Williams, 1990). Fairness of HR practices deserves attention from a humanistic point of view as well (Koys, 1991; Ogilvie, 1986; Bretz and Judge, 1994).

It would seem logical and important that employees have the desire to be evaluated on job criteria that is accurate and relates to aspects of their job that is within their control. For example, Boswell and Boudreau (2000) highlight accurate performance appraisal can be an important predictor of employee attitudes towards their supervisor, the job and the PA process. They go further to suggest that if the evaluation is not perceived as accurate,

they may in turn impact on the process attaining its usefulness in the organization and even contributing negatively in individual behaviour and organizational performance. Pettijohn et al (2001) support this and suggest that unknown, vague and inappropriate criteria may lower motivation thus leading to negative reactions towards performance evaluation.

Employee perceptions of fairness of PA have been shown to be linked to satisfaction with the system. Fairness of performance appraisal has been studied by a number of researchers over time. In their review of performance appraisal research Bretz et al (1992) indicated that the most important performance appraisal issue faced by organizations is the perceived fairness of the performance review and the performance appraisal system. Their findings suggested that most employees perceive their performance appraisal system as neither accurate nor fair. Skarlicki and Folger (1997) suggest that the appraisal process can become a source of extreme dissatisfaction when employees believe the system is biased, political or irrelevant. A major problem for organizational leaders is that the PA process and the performance evaluation system are often perceived as both inaccurate and unfair (Latham and Wexley, 1981).

Gabris and Ihrke (2000) reported that leadership credibility of immediate supervisors is significantly associated with whether employees perceive performance appraisal systems as procedurally fair and instrumentally just and appropriate. Their study of county government professionals explored this issue as well as related issues of job burnout, job satisfaction, manager innovation and cooperation between organizational units. Boswell and Boudreau, (2000) found a significant positive relation between employee attitudes

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and procedurally just performance appraisals and underscored the importance employees place on fairness.

Performance appraisals sometimes have the reputation of creating tension between a supervisor and subordinate. However, sound and effective performance reviews share common components that make them positive experience and maximize the benefit of conducting and participating in them. Emphasizing the good and helping an employee on the road to improvement are important components of effective performance appraisals. A Variety of Components may be included in the performance appraisal process. Landy and Farr (1980) presented a model of performance appraisal that included 13 interrelating factors: position characteristics, organization characteristics, the purpose of the rating, the rating process, scale development, the rating instrument, rater and ratee characteristics, the observation and storage of performance data, the judgment of that performance, the analysis of this information, performance description and in the end, personal reaction.

In the words of Mohrman, et al (1989) there are four activities in the performance appraisal cycle in organization:

(a) defining what performance appraisal is or should be

(b) measuring and evaluating performance

(c) feeding information about that performance back to the individual

(d) providing information to other organizational systems that use it.

Latham and Wexley (1981) listed similar requisite components but added a review of legal requirements, development of an appraisal instrument, selection and training of observes, and praise or reward for performance.

2.5 Types of Performance Appraisal

Companies adopt and employ different performance appraisals depending on the needs and nature of the job, work and the company. The most commonly used appraisal techniques include:

360 degree appraisal, Peer Review, Self Review, Essay appraisal, Graphic rating scale, forced-choice rating, critical incident appraisal, Management-by-objectives approach, Ranking methods.

Accordingly, each of these methods has its own combination of strengths and weaknesses, and none is able to achieve all the purposes for which management performance appraisal systems are intended. Neither is any one technique able to evade all of the pitfalls. The best anyone can hope to do is to match an appropriate appraisal method to a particular performance appraisal goal. If a performance appraisal system is new to your organization, it should first be pilot tested with a select group of employees before it is instituted throughout the organization, or it may fail. Here is a review of some of the types of appraisal methods used, which are in no particular order of importance:

2.5.1 360-degree

The 360-degree appraisal is the most comprehensive and costly type of appraisals. It offers an alternative method by which organizations can gain more useful performance information about employees, and make them more accountable to their various

customers. Rather than having a single person play judge, a 360-degree appraisal acts more like a jury. It includes self-ratings, peer review, and upward assessments; feedback is sought from everyone. It gives people a chance to know how others see them, to see their skills and style, and may improve communications between people. The people, who actually deal with the employee each day, create a pool of information on which the supervisor may act. This provides feedback from both internal and external customers to receive a broader, more accurate perspective on employees. The advantages of the 360 degree are: it provides a more comprehensive view of employee performance, it increases involvement and credibility of the performance appraisal, have a strong impact of behaviour and performance, feedback from peers enhances employee self-development. It greatly increases communication and shared goals, and increases accountability of employees to their customers. Some of the disadvantages are: they are time consuming and more administratively complex, extensive giving and receiving feedback which can be intimidating to some employees, very costly and requires training and significant change effort to work effectively (Milliman el at 1994).

2.5.2 Peer Review

Peer Review may be designed by three to six workers, to set the goals, benefits, and objectives of the programme, design a criteria-based performance evaluation system and conduct a pilot programme. People should be encouraged to provide feedback on the system itself. Training and support should be available. Peer reviews often have a high level of worker acceptance and involvements tend to be stable, task-relevant, and accurate. By helping peers to understand each other's work, and by airing grievances in a non-threatening manner, peer reviews may also help people to get along better. For the

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organization, this means higher performance. For the worker, this means a better place to work and less frustration. It may also help people to concentrate less on politics and more on building skills. Peer reviews may work best if all parties know that the reviews will not be used for setting pay, promotion possibilities, or disciplinary actions. However, a peer review system with the power to give promotions, raises, or disciplinary actions, might be workable in some businesses, if the employees think it's a good idea.

2.5.3 Self-Review

Self-Reviews are based on the idea that employees are most familiar with their work, and that their involvement is essential. Employees rate themselves on a number of criteria, usually with a formal survey form, and suggest improvements. They help to clarify their own goals, and expose areas of weakness so they may be worked on. Mostly, the manager is left out of the process, although an exchange of views between the employee and manager may help their relationship, and boost the employee's own understanding. Meyer (1991) said that self-review changes the role of the manager to counselor, rather than judge. With this role, the manager can do more to support people. He further points out that self-review enhances the subordinate's dignity and

self respect. Involving the employee as an equal in the review process is more likely to increase commitment to action plans, making the entire process both more satisfying and more productive. Self-reviews tend to have low halo error and result in little paperwork for managers. However, people may not see their own deficiencies as others do, so self-review should be used alongside other methods.

2.5.4 Essay Appraisal

In Essay appraisal, the appraiser prepares a written statement about the employee being appraised. The system usually concentrates on describing specific strength and weakness in job performance. It also suggests courses of action to remedy the identified problem areas. The biggest drawback to essay appraisals is their unpredictability and inconsistency in length and content. Moreover, since different essays touch on different aspects of a person's performance or personal qualifications, essay ratings are difficult to combine or compare.

2.5.5 Graphic Rating

The graphic rating scale assesses a person on the quality and quantity of work (outstanding, above average, average, or unsatisfactory) and on a variety of other factors that vary with the job but usually include personal traits like reliability and cooperation. It may also include specific performance items like oral and written communication. This scale has come under frequent attack, but remains the most widely used rating method (Berkshire and Highland 1953).

2.5.6 Forced Choice

Forced choice technique is an approach to PA that requires the rater to choose from statements designed to distinguish between successful and unsuccessful performance. In many forced-choice methods of rating performance, managers will be required to assess which employee is the best, second best, third best and so. However, clever raters can learn how to manipulate and beat the system by giving high rates to average favorite employees. An additional drawback is the difficulty and cost of developing forms. Consequently, the technique is usually limited to middle- and lower-management levels

where the jobs are sufficiently similar to make standard or common forms feasible. Finally, forced-choice forms tend to be of little value- and probably have a negative effect when used in performance appraisal interviews.

2.5.7 Critical Incident Technique

The critical incident technique looks like a natural to some people for performance review interviews, because it gives a supervisor actual, factual incidents to discuss with an employee. Supervisors are asked to keep a record, a "little black book," on each employee and to record actual incidents of positive or negative behaviour. Instead of arguing over traits and personality, the discussion now deals with actual behaviour and performance, leaving the employee to know what those standards are (Myers, et al 1965). There are, however, several drawbacks to this approach. It requires that supervisors jot down incidents on at daily or, at the very least, a weekly basis. This can become a chore. Furthermore, the critical incident rating technique needs not, but may, cause a supervisor to delay feedback to employees. Furthermore, it is hardly desirable to wait six months or a year to confront an employee with a misdeed or mistake. Finally, the supervisor sets the standards by which the employee is judged that may be unfair. To avoid or to deal with the feeling that they are being judged by unfairly high standards, employees in some organizations are being asked to set or help set their own performance goals.

2.5.8 Management by Objective (MBO)

MBO according to Drucker (1954) is a management model that aims to improve performance of an organization by clearly defining objectives that are agreed to by both management and employees. According to the theory, having a say in goal setting and action plans should ensure better participation and commitment among employees, as

well as alignment of objectives across the organization. Employees are consulted, but management ends up imposing its standards and its objectives (Levinson, 1970). MBO technique is more "democratic," and can be effective; making use of specific work goals or targets provide for knowledge of results. In fact, there appears to be something of a fashion trend in the setting such work standards in white-collar and service areas.

2.5.9 Ranking

The two most effective methods are alternation ranking and paired comparison ranking. Alternation ranking, in this method, the names of employees is listed on the left-hand side of a sheet of paper, preferably in random order. If the rankings are for salary purposes, a supervisor is asked to choose the "most valuable" employee on the list, cross his name off, and put it at the top of the column on the right-hand side of the sheet. Next, the "least valuable" employee is selected on the list; name is crossed off, and is put at the bottom of the right-hand column. The ranker then selects the "most valuable" person from the remaining list, crosses each name off and enters it below the top name on the right-hand list, and so on. Paired-comparison ranking, this technique is probably just as accurate as alternation ranking and might be more so. But with large numbers of employees, it becomes extremely time consuming and cumbersome. Both ranking techniques, particularly when combined with multiple rankings (i.e., when two or more people are asked to make independent rankings of the same work group and their lists are averaged), are among the best available for generating valid order-of-merit rankings for salary administration purposes.

2.6 Importance of Performance Appraisal

Performance appraisal systems (PAS) are not, as many as critics say, useless and evil. When paying attention to careful PAS, planning and proper techniques should be used, PA might be perceived not only as irreplaceable tool for recognizing and rewarding good performance and correcting poor performance, but mainly as a way to maintain long-term development within an organization. During a research carried out when preparing this work, an author found a variety of views on PA and all of its aspects. Often, opinions were completely opposed. That gives evidence that, in contrast to management topics, performance appraisal as a whole is very hard to do "Right", since there are not many "Right" solutions that would have no opponents.

An effective PA opens with a list of areas in which the employee being evaluated has exhibited above average performance. Beginning on a positive note and providing an example of how to perform tasks properly which sets the tone for the review meeting. This is an effective morale booster as well.

After establishing areas of strength, appraisals move into the performance of duties that are in need of improvement. When explaining areas of weakness, it is effective to provide concrete examples of how the employee can improve. Explaining how improvement may be gained and pointing to the tasks that are performed well gives your subordinates optimism for improving during the next appraisal period. It also may serve to reduce or eliminate a negative attitude. Being honest and sincere when telling an employee where improvements need to be made are necessary for this part of the appraisal. A performance appraisal includes discussion of the goals and objectives for both the individual employee and the company. The review of the outstanding performance, as well as the areas in

which the employee needs to improve, shape the personal goals for that employee. Include ways of improving and maximizing demonstrated potential. This discussion encourages the employee to visualize an important place in the company and build upon strengths to further benefit the organization.

An effective performance appraisal includes employee input in the form of self-assessment. Engaging an employee in a personal performance develops a self-awareness that may assist in improvement. Employee feedback on the appraisal itself, how it was conducted and how helpful it was, may be a valuable asset to a company and seeks to improve all of its operations.

2.7 Challenges involved in Performance Appraisal

Evaluating employees on relevant job criteria sounds reasonable and logical. However, Robinson and Fink (2006) say there are a number of flaws in the evaluation process. In actual practice, however, formal performance appraisal programmes have often yielded unsatisfactory and disappointing results, as the growing body of critical literature attests. (McGregor, 1957; Thompson and Dalton, 1970; Schrader, 1969). Again, some critics suggest that PA should be abandoned as a lost hope, as they point to scores of problems and pitfalls as evidence. But considering the potential of appraisal programmes, the issue should not be whether to scrap them; but rather, it should be how to make them better. Thus, until a better technique comes along, organizations should use some form of appraisal to cover any potential risks. Decisions related to discipline and potential terminations are usually the "hot button" issues that managers want most to avoid. But in firms that ignore or simply overlook performance problems, the problems may grow so large that they put the firm at risk either from a professional liability claim, or from some

kind of employee relations fiasco. The paradox is, time becomes an enemy when PA problems are not dealt with openly. The prevention of larger problems is why continuous feedback and documentation are vital. (Messer and Myers 1965). Obstacles to the success of formal performance appraisal programs should be familiar to most managers, either from painful personal experience or from the growing body of critical literature. One reason for failure is that companies often select indiscriminately from the wide battery of available performance appraisal techniques without really thinking about which particular technique is best suited to a particular appraisal objective. The following are the most troublesome and frequently cited drawbacks:

2.7.1. Demand on Supervisors

A lot of demand is placed on supervisors. Formal PA obviously requires at least periodic supervisor observation of each subordinates performance. However, the typical first-line supervisor hardly knows just what each of the 20, 30, or more subordinates are doing.

2.7.2. Unfairness and biases

Standards and ratings tend to vary widely and, often, unfairly. Some raters are tough, while others are lenient. Some departments have highly competent people, others have less competent people. Consequently, employees subject to less competition or lenient ratings can receive

higher appraisals than equally competent or superior associates. Mostly, personal values and bias replace organizational standards. An appraiser may not lack standards, but the standards used are sometimes wrong. For example, unfairly low ratings may be given to valued subordinates so they will not be promoted out of the rater's department. More often, however, outright bias dictates favored treatment for some employees.

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2.7.3 Lack of communication

Employees may not know how they are rated due to lack of communication. The standards by which employees think they are being judged are sometimes different from those their superiors actually use. No PAS can be very effective for management decisions, organization development, or any other purpose until the people being appraised know what is expected of them and by what criteria they are being judged.

2.7.4 Lack of training

Appraisal techniques tend to be used as performance panaceas. If a worker lacks the basic ability or has not been given the necessary training for his job , it is neither reasonable to try to stimulate adequate performance through performance appraisals, or fair to base salary, dismissal, or other negative decisions on such an appraisal. No appraisal program can substitute for sound selection, placement, and training programs. Poor performance represents someone else's failure. The supervisor often reduces the validity of ranking. Rather than confront their ineffective subordinates with negative ratings, negative feedback in appraisal interviews, and below-average salary increases, supervisors often take the more comfortable way out and give average or above average ratings to inferior performers.

2.7.5 Feedback

PA ratings can boomerang when communicated to employees. Negative feedback not only fails to motivate the typical employee, but also can cause him to perform worse (Myers, et al 1965). Only those employees who have a high degree of self-esteem appear to be stimulated by criticism to improve their performance.

2.7.6 Lack of involvement

Performance appraisal interviews tend to emphasize the superior position by placing him in the role of judge, thus countering his equally important role of teacher and coach. This is particularly damaging in organizations that are attempting to maintain a more participative (democratic) organizational climate. Pitfalls represents a formidable challenge in appraisal techniques, but attempting to avoid these pitfalls by doing away with appraisals themselves is like trying to solve the problems of life by committing suicide. The more logical task is to identify those appraisal practices that are most likely to achieve a particular objective and least vulnerable to the obstacles already discussed.

2.8 Attitudes

An attitude can be defined as a positive or negative evaluation of people, objects, events, ideas or just about anything in your environment (Zimbardo et al, 1999). All attitudes take a stance either positive or negative but they can vary in intensity.

According to Robbins and Judge (2001), attitudes are evaluative statements either favourable or unfavourable about objects, people, or events. They reflect how we feel about something.

Social psychologists use the term attitude to refer to people's evaluation of virtually any aspect of their social world (Olson and Maio, 2003: Petty, et al 2003). People can have favourable or unfavourable reactions to issues, ideas, objects, a specific behavior, or entire social groups. Some attitudes are quite stable and resistant to change while others may be unstable and show considerable variability depending on the situation (Schwarz

and Bohner, 2001). We may hold some attitudes with great certainty, while other attitudes may be relatively unclear or uncertain.

Attitudes can influence our thoughts, even if they are not reflected in our overt behaviour. Moreover, while many of our attitudes are explicit attitude conscious and reportable other attitudes may be implicit attitudes- uncontrollable and perhaps not consciously accessible to us (Fazio and Oslon, 2003).

Attitudes represent personal beliefs of an evaluative nature, such as good or bad, likeable or not likeable. Attitudes are of practical as well as theoretical interest, since they involve such basic concerns as attraction and prejudice. Understanding who likes whom, and why, requires an understanding of how attitudes are formed, and how they are altered (Festinger 1957).

2.8.1 Components of attitude

Traditionally, attitudes are regarded by researchers as having three components, cognitive affective and behavioural.

Social psychologists examine attitudes in terms of three components: cognitive, affective, and behavioural. It should be noted that there is always an objective of the attitude, the items towards which the attitude is directed.

(a) Cognitive component of attitude is the aspect of an attitude that is descriptive of or belief in the way things are. It sets the stage for the more critical part of an attitude which is its affective component.

(b) Affective Component is the emotional or feeling segment that is associated with an attitude.

(c) Behavioural Component of attitude refers to an intention to behave in a certain way toward someone or something

2.8.2 Job related attitude

There are a number of job related attitudes with which some are elaborated below:

(i) Job Satisfaction describes a positive feeling about a job, resulting from an evaluation of its characteristics. A person with a high level of job satisfaction holds positive feelings about his or her job, while a dissatisfied person holds negative feelings about his or her job. Usually when people speak of employee attitude, they mean job satisfaction.

(ii) Job Involvement is related to job satisfaction. Job involvement measures the degree to which people identify psychologically with their job and consider their perceived performance level important to self-worth. Employees with high levels of job involvement strongly identify with and really care about the kind of work they do.

(iii) Organizational Commitment is a state in which an employee identifies with a particular organization and its goals and wishes to maintain membership in the organization. High level of job involvement means identifying with your specific job, while organizational commitment means identifying with your employing organization. There are three separate dimensions to organizational commitment:

(a) Affective Commitment is an emotional attachment to the organization and a belief in its values.

(b) Continuance Commitment is a perceived economic value of remaining with the organization compared to leaving it. An employee may be committed to an employer because she is well paid and feels it would hurt her family to quit.

(c) Normative Commitment is said to be an obligation to remain with the organization for moral or ethical reasons.

(iv) Perceived organizational support is said to be the extent to which employees believe the organization values their contributions and cares about their well being. Research shows that people perceive their organization as supportive when rewards are deemed fair, when employees have a voice in decisions, and when their supervisors are seen as supportive.

(v) Employee engagement is an individual's involvement with, satisfaction and enthusiasm for, the work she does. Highly engaged employees have a passion for their work and feel a deep connection to their company. Disengaged employees have essentially "checked out" –putting time and not energy or attention into their work. In a recent study of nearly 8, 000 business units in 36 companies it was found that, compared with other companies, those whose employees have had high-average levels of engagement had higher levels of customer satisfaction, were more productive, had higher profits, and had lower levels of turnover and accident (Molson and Coors, 2005).

2.8.3 Employee Attitudes and Behaviours

Moorhead and Griffin (1992) propose two views of attitudes: Dispositional view holds that attitudes are stable dispositions towards an object. According to this, attitudes have three basic components: affect which is an emotional feeling towards an object. The

second being cognition which is the perceived knowledge about the object and lastly, intention that is the intended behaviour toward the object.

Situational view contends that attitudes evolve from socially constructed realities. Attitudes formed throughout the time can be changed and may be influenced by a manager if the tools for initiation of attitude change is performance appraisal.

An attitude could be defined as a learned predisposition to respond in consistently favourable or unfavourable manner with respect to a given object (Kreitner and Kinicki, 1992). A significant direction of research regarding performance appraisal efficacy and approaches for evaluation has concentrated on employee satisfaction and perception of the process. As a result of this, researchers and practitioners have taken a more comprehensive view of performance appraisal system efficacy and evaluation of systems which include these factors. One common theme of recent research is that attitudes of the system's users toward the process determine to a large degree the ultimate effectiveness of a performance appraisal system (Roberts, 1990).

Employee perceptions of fairness of PA have been shown to be linked to satisfaction with the system. Fairness of PA has been studied by a number of researchers over time. In their review of PA research, Bretz, et al (1992) indicated that the most important PA issue faced by organizations is the perceived fairness of the performance review and the PAS as neither accurate nor fair. Skarlicki and Folger (1997) suggest that the appraisal process can become a source of extreme dissatisfaction when employees believe the system is biased, political or irrelevant. A major problem for organizational leaders is that

the PA process and the performance evaluation system are often perceived as both inaccurate and unfair (Latham and Wexley, 1981).

Gabris and Ihrke (2000) reported that leadership credibility of immediate supervisors is significantly associated with whether employees perceive PAS as procedurally fair instrumentally just and appropriate. Their study of county government professionals explored this issue as well as related issues of job burnout, job satisfaction, manager innovation and cooperation between organizational units. Boswell and Boudreau, (2000) found a significant positive relation between employee attitudes and procedurally just PA and underscored the importance of employees place on fairness.

In a study undertaken by Johnson (1995) in 1992, to examine the attitudes of nearly 32,000 American federal employees towards PA, he concluded that the employees were dissatisfied with the way PA was conducted and that less than one-fifth felt that the process motivated employees to perform well. He claimed however that there is no empirical evidence that performance appraisal itself is undesirable, because from his study almost half (46%) liked the concept of the process as it gave them an indication where they ranked among co-worker

In spite of the current ubiquitous use of PAS and perceived importance in the future there is considerable contention over its efficacy and usefulness. Surveys through the years have indicated relative lack of satisfaction toward the effectiveness of PAS in both private and public organizations.

Bricker (1992) reported survey results indicating that 20% of American companies were very satisfied with performance review process. A 1990 industry week survey of readers

indicated that only 18% responding that their reviews were not very effective or a waste of time (Verespej 1990). A Wyatt company survey of 900 companies found that only 10 % of companies indicated satisfaction with their employee evaluation programmes (Small Business Report 1993). Thirty (30) percent were dissatisfied and sixty (60) percent were not convinced in one way or another. A 1997 nationwide survey of human resource professionals by society for Human Resource Management found that only five (5) percent of respondents were satisfied with their organization's performance evaluation system and 42 % were dissatisfied to some extent (Barrier, 1998).

A more recent research in performance appraisal has emphasized process and structural characteristics that influence the attitudes and affective reactions of system participants' in addition to psychometric characteristics. Murphy and Cleveland (1991; Murphy and Cleveland , 1995) suggest that researchers should consider the rating context before attempting to analyse or evaluate the effectiveness of ratings or rating systems. Research has included measures of employees' attitudes towards performance appraisal and system acceptance and rater rate satisfaction in the appraisal process (Roberts, 1990). Bernardin and Beatty (1984) suggested that relative measures of the attitudinal kind may ultimately prove to be better measure and predictors of rating validity than such traditional psychometric variables as leniency, halo and discriminability. A PAS can be psychometrically sound in design and construction but still wholly ineffective in practice due to resistance or lack of acceptance on the part of the user. Thus, the effectiveness of a system is partly contingent on the attitudes of the system users, both raters and ratees (Roberts, 1990).

CHAPTER THREE

METHODOLOGY AND ORGANISATIONAL PROFILE

3.0 Introduction to methodology

This chapter focuses on how the study was conducted and describes the research design. The subsequent stages will be the sources of data collection, population, data collection instruments, data analysis technique and profile of the institution for the study.

3.1 Research Design

A research design is the basic plan, which directs the data collection and analysis of the research project. It is a framework which spells out the type of information to be collected, the sources of the data and data collection procedure. This study is therefore a survey in which data was collected across a population by simple sampling. Purposive sampling was used to select six branches in the Ashanti Region. Questionnaires were administered by the researcher personally and respondents were educated on how to fill the questionnaire. An interview was conducted with Management to ascertain its view on how the performance appraisal system affect employees' attitude and also to check whether the appraisal process was being followed duly.

3.2 Source of Data Collection

To ensure the reliability of the information resulting from this study, the researcher used primary and secondary sources.

3.2.1 Primary Data

Primary data consist of data observed or collected directly from fist-hand experience. The primary sources for this study were therefore gathered through the administration of questionnaires to the employees of FASL.

3.2.2 Secondary Data

Secondary data consists of information that already exists somewhere, having been collected for another purpose (Kotler, 1997). Secondary data as a source of information is very essential for any research as they will help to offer answers to the research questions. The secondary data included in this study were from journals, textbooks and internet sources. Out of 130 questionnaires that were administered, 115 respondents completed and returned their questionnaires.

3.3 Research population

Population refers to the group of people which forms the subject of the study in a particular survey. In this study, the population was the management, senior staff and junior staff of FASL.

The population was categorized as follow:

Category	No. of Employees	Percentage (%)
Management	4	3.1
Senior Staff	46	35.4
Junior Staff	80	61.50
Total	**130**	**100**

3.4 Sampling Size

There was no sampling as the total population was used for the study

3.5 Sampling Techniques

The researcher did not sample, the population of 130 was used for the research.

3.6 Research Instrument

The research instrument for the study was Questionnaires. This was administered personally to employees and an interview session was conducted between the researcher and the Head of Human Resource of FASL.

3.7 Administration of Instrument

Questionnaires were personally administered to employees in various departments, employees were given a couple of days to carefully read and fill out the questionnaires.

3.8 Method of Data Analysis

The data obtained from the questionnaire was broken down in an understandable format with the help of The Statistical Package for Social Science (SPSS) and Excel. The information obtained from the questionnaires was presented in the form of frequency distribution table. Statistical tools such as bar chart and pie chart were then used to analyze the data.

3.9 Organisational Profile of FASL

First Allied Savings and Loans Company Limited (FASL) was registered as a private limited liability company on May 24, 1995 under the Ghana Companies Code, 1963 (Act 179). FASL was incorporated as a Non-Bank Financial Institution (NBFI) Institution to

operate a Savings and Loans business in the country. The mission of FASL is to offer convenient access to efficient, innovative and responsive financial services to the micro and small scale entrepreneur on a sustainable basis for the mutual benefit of all stakeholders. Its vision is to create an excellent institution and be a leader in the provision of quality financial services to the small and medium scale enterprise.

Board of Directors

FASL is governed by an eight member Board of Directors composed of six (6) Non-Executive Directors and two (2) Executive Directors. The Board of Directors is responsible for the formulation of the institution's overall strategy and the monitoring of operational activities of the management team.

Management Team

The day to day management of the Institution is carried out by a team of competent management staff headed by the Managing Director. He is assisted by the Heads of Departments. In addition, there an audit department responsible for reviewing the effectiveness and adequacy of the Institution's operations, and also a Company's Secretary for secretarial and administrative matters.

3.9.1 Operational Activities of FASL

FASL presently operates from eleven branches- five in Kumasi, the capital of Ashanti Region, two in the Greater Accra Region, two in the Brong Ahafo Region, and another two at Eastern Region.

Through its branches and distance banking concept, FASL has been accepting deposits from the public and granting advances to its customers, non-customers and travelers. The Institution has focused on individuals, micro and small scale enterprises, which have not been prioritized by the traditional commercial banks.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.0 Introduction

This chapter deals with the presentation and analysis of data collected from the questionnaires which were administered on the sample selected. For the analysis, tables, pie-chart, bar chart showing percentages were used to present the data. Researcher managed to analyse and discuss all the responses that respondents have provided.

4.1 Distribution and return of questionnaires

Questionnaires were distributed to 130 employees in branches of First Allied Savings and Loans Company Limited (FASL) in Ashanti region. Out of the 130 questionnaires distributed, 115 were answered correctly and returned.
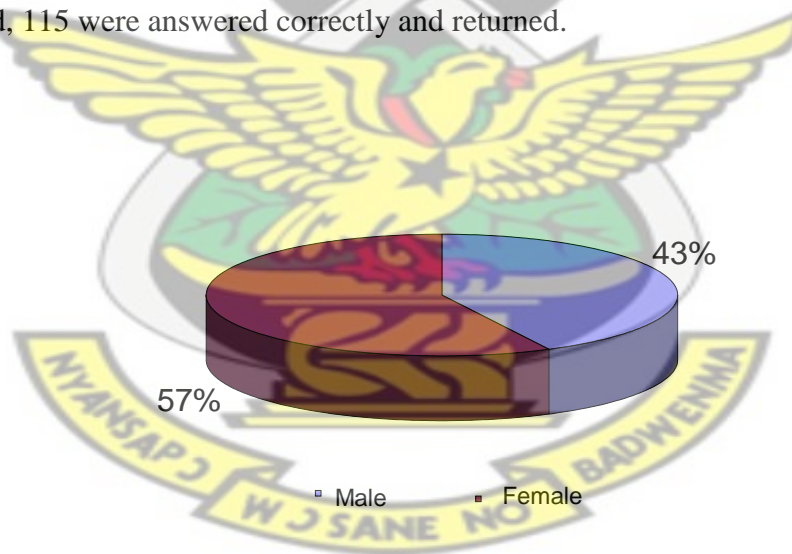
Figure 4. 1: Gender of Respondents

Source: Author's field Study (2012)

4.2 Gender of respondents'

From fig 4.1, (49) 42.6% of the respondents were male while (66) 57.4% of the respondents were females. This trend shows female supremacy over their male counterparts in the sampled population.
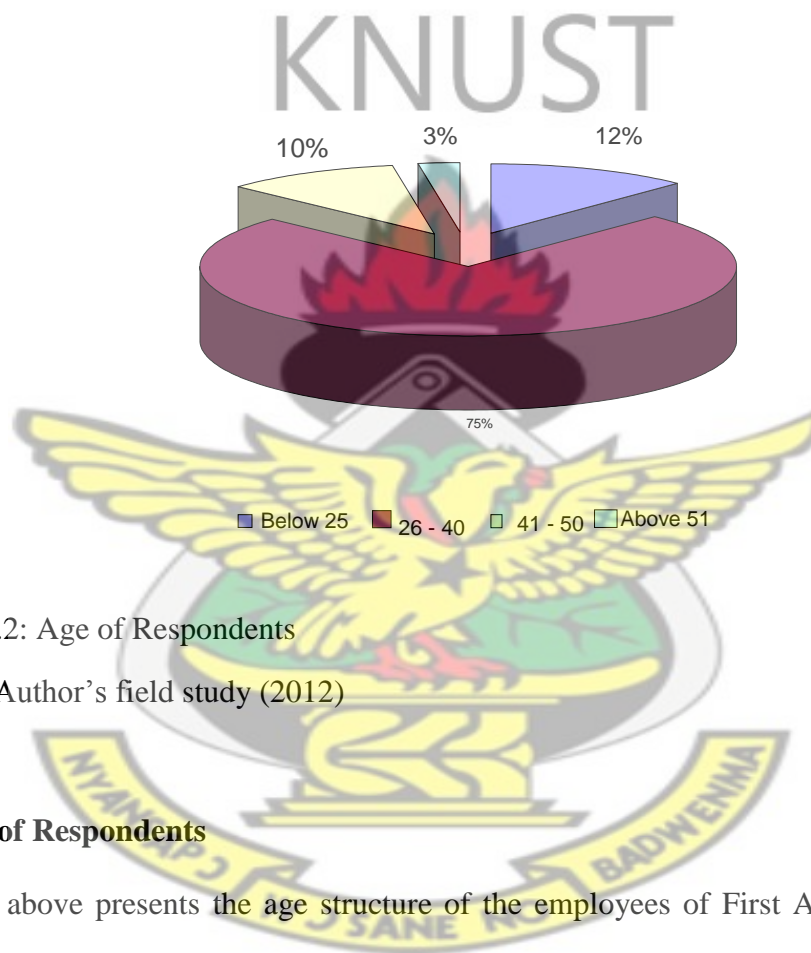
Figure 4.2: Age of Respondents

Source: Author's field study (2012)

4.3 Age of Respondents

Fig 4. 2 above presents the age structure of the employees of First Allied savings and loans company Limited who were sampled for the study. A quick glance of the pie chart below indicates that (86) 75% were between 26 -40 years. Only (14) 12% and (3) 12%, (10) 3% of the respondents were below 25, 41 -50 and above 51 years respectively. This trend is encouraging since the statistics indicates youthful employees in the study area. The inference is that with appropriate training and sound remuneration from the

management, these youth can work hard and transform First Allied savings and loans
Company Limited to the status of a bank.
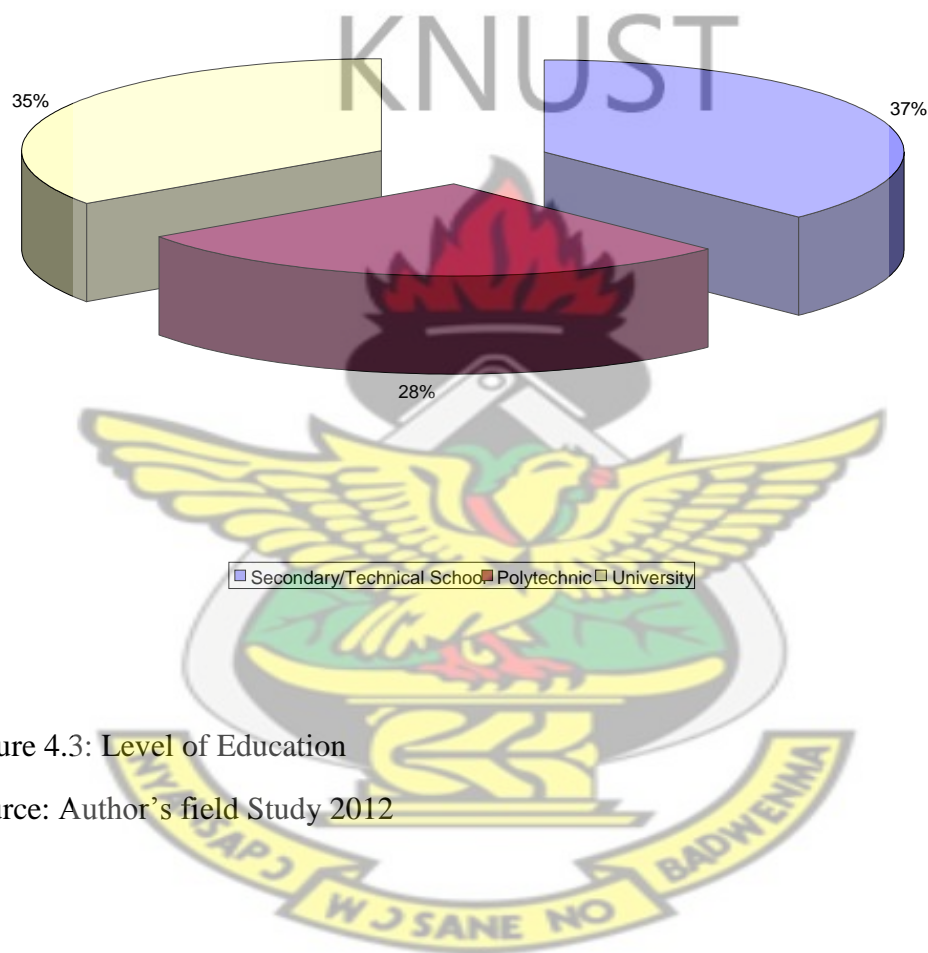
Figure 4.3: Level of Education

Source: Author's field Study 2012

4.4 Level of Education

Education signifies one of the vital success factors that a company needs in order to
succeed in their business activities. It provides the basis for academic development. A
critical look of fig 3 shows that (43) 37.4% had attended secondary or technology school,
(32) 27.8% had polytechnic education and (40) 34.8% had Polytechnic and University

education respectively. It must be noted that high literate employees are essential incentives for successful business. This is shown in fig 4.3 above.
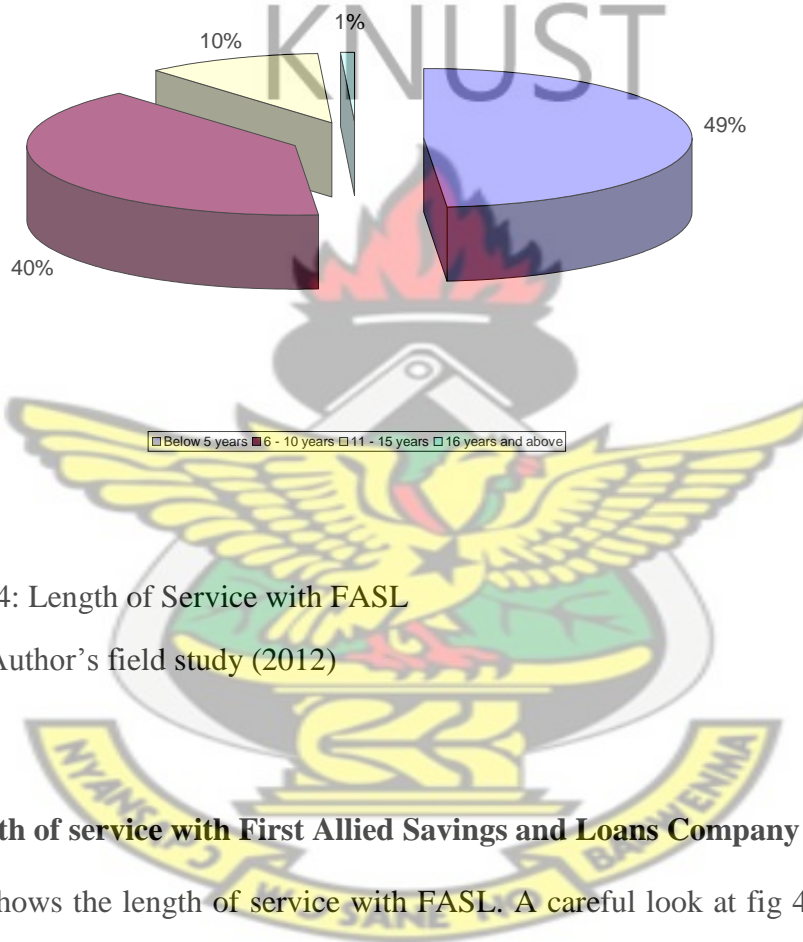
Figure 4.4: Length of Service with FASL

Source: Author's field study (2012)

4.5 Length of service with First Allied Savings and Loans Company Limited

Fig 4.4 shows the length of service with FASL. A careful look at fig 4 depicts that (56) 49% have been with FASL for not more than 5 years, (46) 40% have been with FASL for 6 – 10 years, (12) 10% have been with the company for 11- 15 years and only (1) 1% joined FASL over 16 years. This indicates that there are employees who have worked with the institution for quiet a long time and with their experience and knowledge about the work, the institution can get better output and maximize profit. This reflects the view

of Messer and Mires (1999) who stated that the greatest employee's development occurs when managers continuously coach and mentor their employees' based on on-the-job training

Table 1: Departments of FASL

Variable	Respondents	Percentage of Responses
Audit	10	8.7
Finance and IT	19	16.5
Credit	30	26.1
Operation	48	41.7
Administration	8	7
Total	**115**	**100**

Source: Author's field study (2012)

4.6 Departments

Table 1 above shows the various departments of FASL, (9) 8% belong to the Audit department, (19) 17% are with Finance and Institution Technology, (31) 27% are with the department of Credits, (46) 42% belongs to the Operations departments and (6) 5% belongs to the Administration and Human Resources, (4) 4% did not answer this question.

4.7 Effectiveness and efficiency of performance appraisal
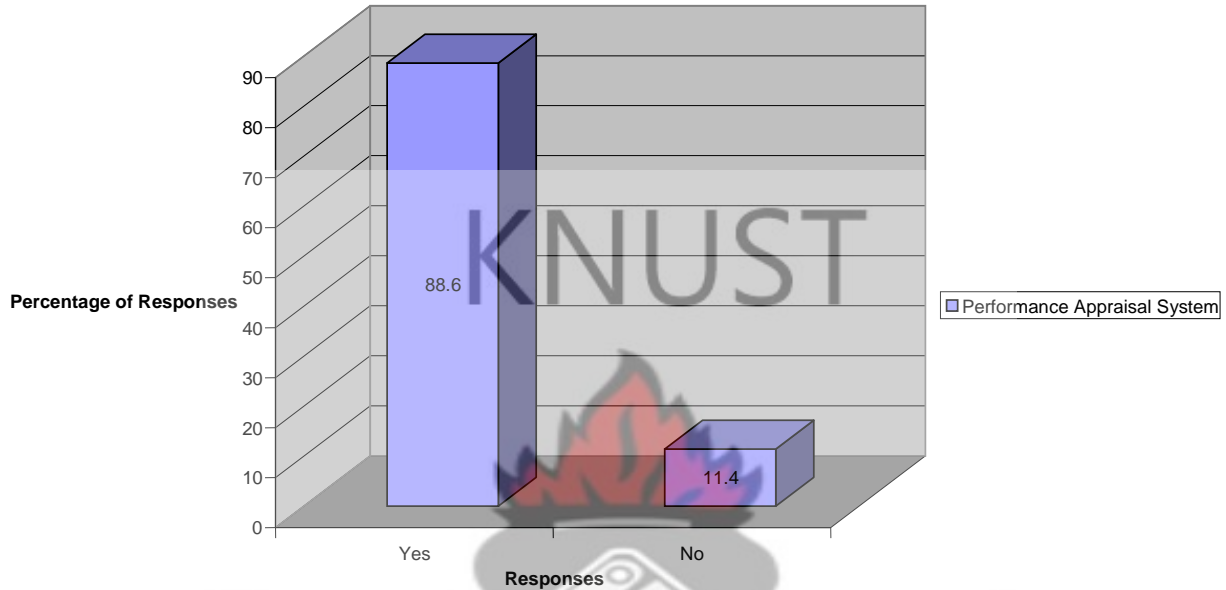
Figure 4. 5: Rationale Behind Performance Appraisal

Source: Author's field study (2012)

4.7.1 Rationale behind Performance Appraisal system

In order to assess the effectiveness and efficiency of performance appraisal, the respondents were asked to indicate whether they know the rationale behind performance appraisal system, (102) 88.7% indicated 'yes', as against (12) 10.4% who indicated 'no'. This means that majority of the respondents knew the rationale behind performance appraisal as indicated in the bar chart in fig 4.5 above suggesting that there is an in depth knowledge of performance appraisal among employees of FASL.

100%

◻ Annually
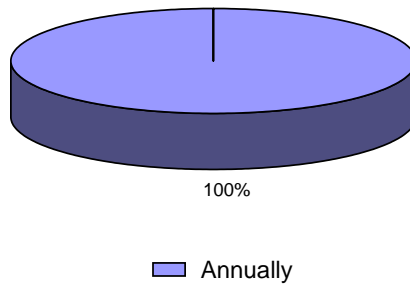
Figure 4. 6: Number of Times Performance Appraisal is done

Source: Author's field study (2012)

4.7.2 Number of Times Performance Appraisal is done

In order to achieve the objectives of answering the effectiveness and efficiency of performance appraisal, the respondents were asked to indicate how often performance appraisal is done in a year. To answer this question (115) 100% indicated that performance was done annually. These responses are shown in fig 4.6.

Figure 4. 7: Appraisers

Source: Author's field study (2012)

4.7.3 Appraisers

When the respondents were asked to indicate who appraises them, (102) 88.7% indicated that their immediate supervisors appraise them while (13) 11.3% indicated that they were appraised by the appraisal committee. Whose responses are presented in fig 7.
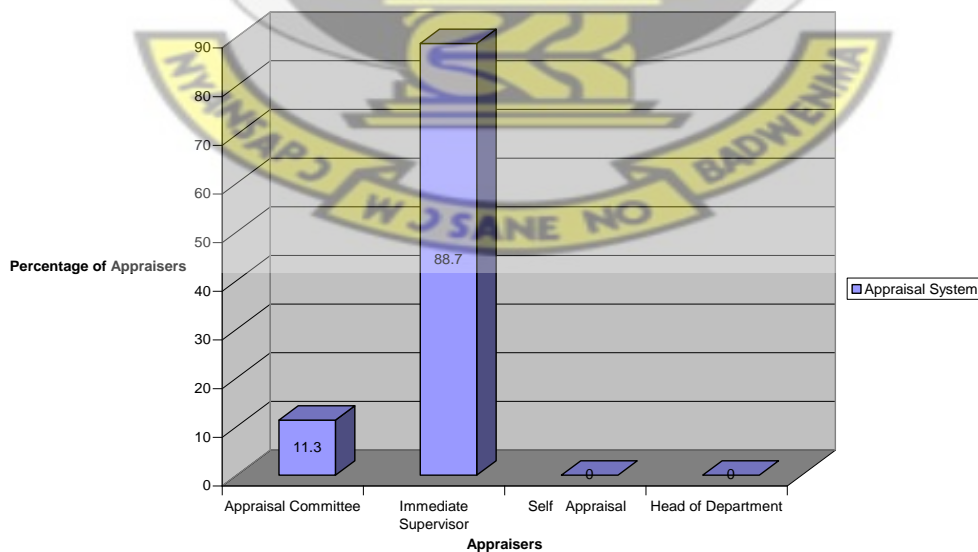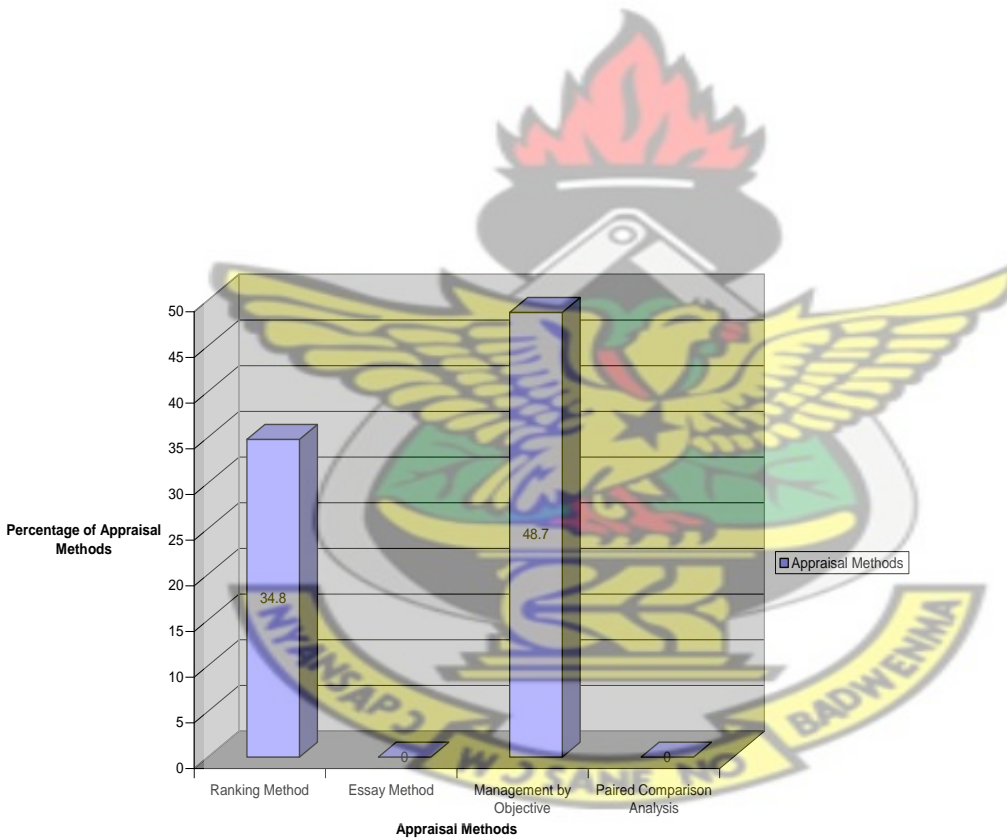

Figure 4. 8: Performance Appraisal Methods Being Used

Source: Author's field study (2012)

4.7.4 Performance Appraisal Methods Being Used

From fig 4.8 above, it is evident that respondents in the study area were assessed by using management by objective and ranking method. The information draw together from the field revealed that (40) 34.8% were assessed by ranking method while (56) 48.7% were assessed by management by objective.

Table 2: Rating of the Overall Assessment of Performance Appraisal

Variable	Respondents	Percentage of Responses
Outstanding	4	3.5
Very Good	42	36.5
Good	36	31.3
Satisfactory	24	20.9
Poor	9	7.8
Total	**115**	**100**

Source: Author's field study (2012)

4.7.5 Rating of the Overall Assessment of Performance Appraisal

To assess the effectiveness and efficiency of performance appraisal, respondents were asked to indicate the rating of the overall assessment of performance appraisal, (4)3.5% indicated outstanding, (42)36.5% of the respondents indicated very good, another (36)31.3% of the respondent indicated good, (24)20.9% indicated satisfactory (9)7.8% indicated poor. This trend implies that majority of the respondents were of the view that

overall assessment of performance appraisal was good. These responses are indicated below in table 2.

4.8 Exploration of the attitudes of the employees and the correlation between fair and biased performance appraisal
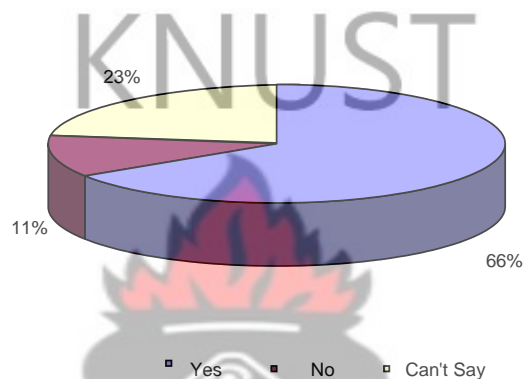
Figure 4. 9: Promotional Policy Limited with Performance Appraisal System

Source: Author's field study (2012)

4.8.1 Promotional Policy Linked with Performance Appraisal System

To determine whether promotional policy is linked with performance appraisal, respondents were asked to indicate either, 'yes' or 'no' or 'cannot' say to the above theme. The responses gathered from the field showed that (76)66.1% indicated 'yes', (13)11.3% indicated 'no' while (26)22.6% indicated 'cannot' say. The results indicated that, majority of the respondents were of the view that there was a linked between promotional policy and performance appraisal system. These responses are indicated in fig 4. 9 above.

Table 3: Feedback to Performance Appraisal Reports

Variable	Respondents	Percentage of Responses
Yes every time	24	20.9
Often, but not always	38	33
Only when required	10	8.7
Rarely	13	11.3
Never	30	26.1
Total	**115**	**100**

Source: Author's field study (2012)

4.8.2 Feedback to Performance Appraisal Reports

Table 3 shows feedback to performance appraisal reports. When the respondents were asked to indicate either 'yes every time', 'often but not always', 'only when required', 'rarely' and 'never' to the question of whether they do not get feedback to their performance appraisal reports, (24)20.9% indicated 'yes every time' (38)33% indicated 'often but not always', (10)8.7% indicated 'when required', (13)11.3% indicated 'rarely' and (30)26.1% indicated 'never'. This trend shows that majority of the respondents do not get feedback to performance appraisal reports. This is not healthy to the performance appraisal system as employees will not know how they are performing on the job. Mires (2000) argued that feedback must be immediate as well as continuous, thus not saved up all year long and dumped on the employee during annual appraisal. Timely feedback has

a long lasting effect because the learning can be applied immediately, preventing a problem from growing out of control. The best performance results are realized when supervisors feedback.

Table 4: Counseling after Appraisal

Variable	Respondents	Percentage of Responses
Always	12	10.4
Often	27	23.5
Rarely	20	17.4
Never	37	32.2
Can't Say	19	16.5
Total	**115**	**100**

Source: Author's field study (2012)

4.8.3 Counseling after Appraisal

When the respondents were asked whether the organization provide counseling after performance appraisal the information gathered from the field as shown in table 4 indicated that (12) 10.4% indicated 'always',(27) 23.5% indicated 'often',(20) 17.4% indicated 'rarely', (37) 32.2% indicated 'never' and (18) 15.7% indicated 'cannot' say. This trend shows that majority of the respondents were of the view that the organisation does not provide counseling for the employees after performance appraisal. With this aggrieved staff will carry on bitterness which could lead to bad perception and negative attitude that can hinder job performance.
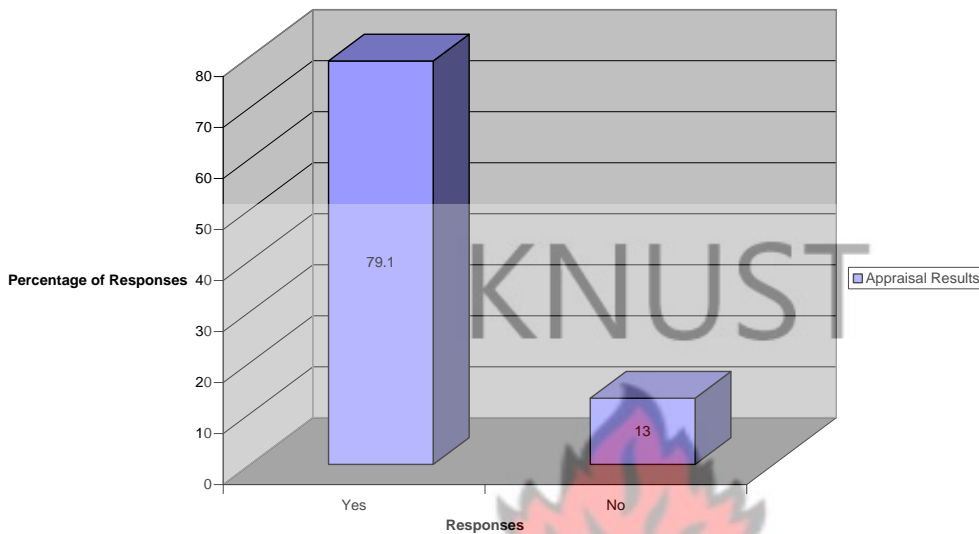
Figure 4.10: Benefit Derived from Appraisal Results

Source: Author's field study (2012)

4.8.4 Benefits Derived from Performance Appraisal

Figure 4. 10 above shows the benefits respondents derived from performance appraisal result. The 'yes' or 'no' question posed to the respondents on the above theme showed that (91) 79.1% answered 'yes' whiles (15) 13% answered 'no'. (9) 7.8% did not answer this question. Based on this analysis majority of the respondents were of the view that they derived benefit from performance appraisal which is a good indicator that can be enough to motivate employees to put up their best to achieve organisational goal.
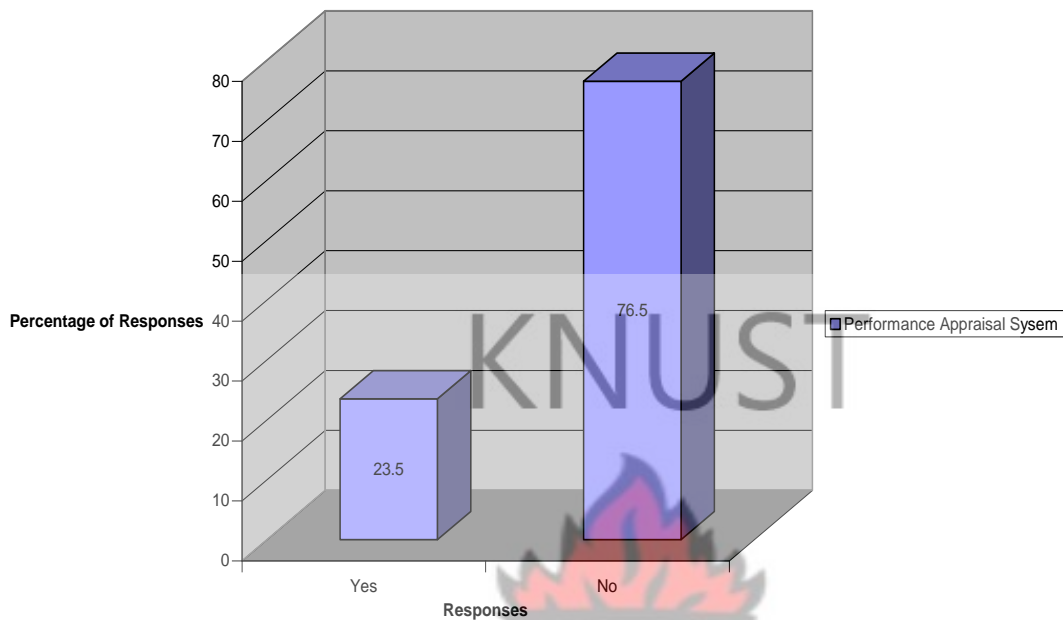
Figure 4.11: Shortcoming to Performance Appraisal System

Source: Author's field study (2012)

4.8.5 Shortcoming to Performance Appraisal System

On analyzing the responses in fig 4. 11 on the awareness of any shortcomings to performance appraisal system, it was found that (27) 23.5% answered 'yes' while (88)76.5% answered 'no'. Based on this analysis majority of the respondents were not aware of any shortcoming to performance appraisal. This suggests that there are few problems associated with performance appraisal in FASL but management should work on the known ones.

4.9 Attitude of employees towards appraisal in order to help organization improve performance
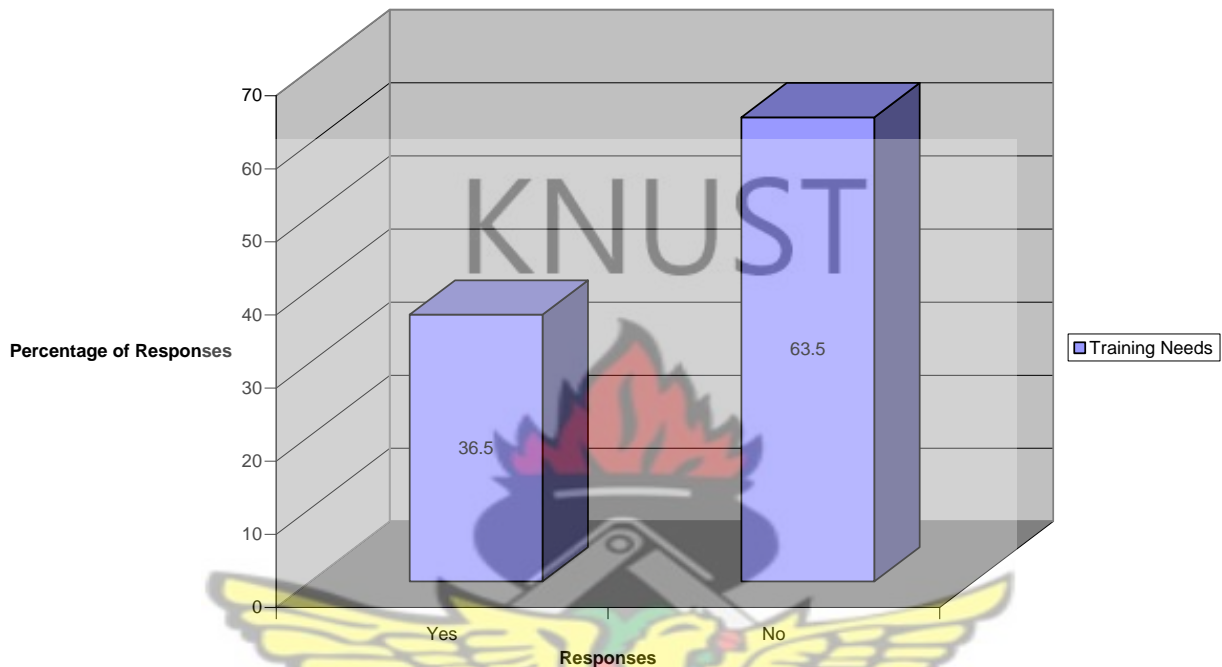
Figure 4.12: Identification of Performance Appraisal Training Needs

Source: Author's field study (2012)

4.9.1 Identification of performance appraisal training needs

To identify performance appraisal training needs, the respondents' were asked to indicate by responding either 'yes' or 'no' on the above issue. The responses collected from the field indicated (42)36.5% answered 'yes' whiles (73)63.5% answered 'no'. These responses are shown in fig 4. 12. Based on the analysis majority of the individuals were of the view that performance appraisal does not identify training needs.
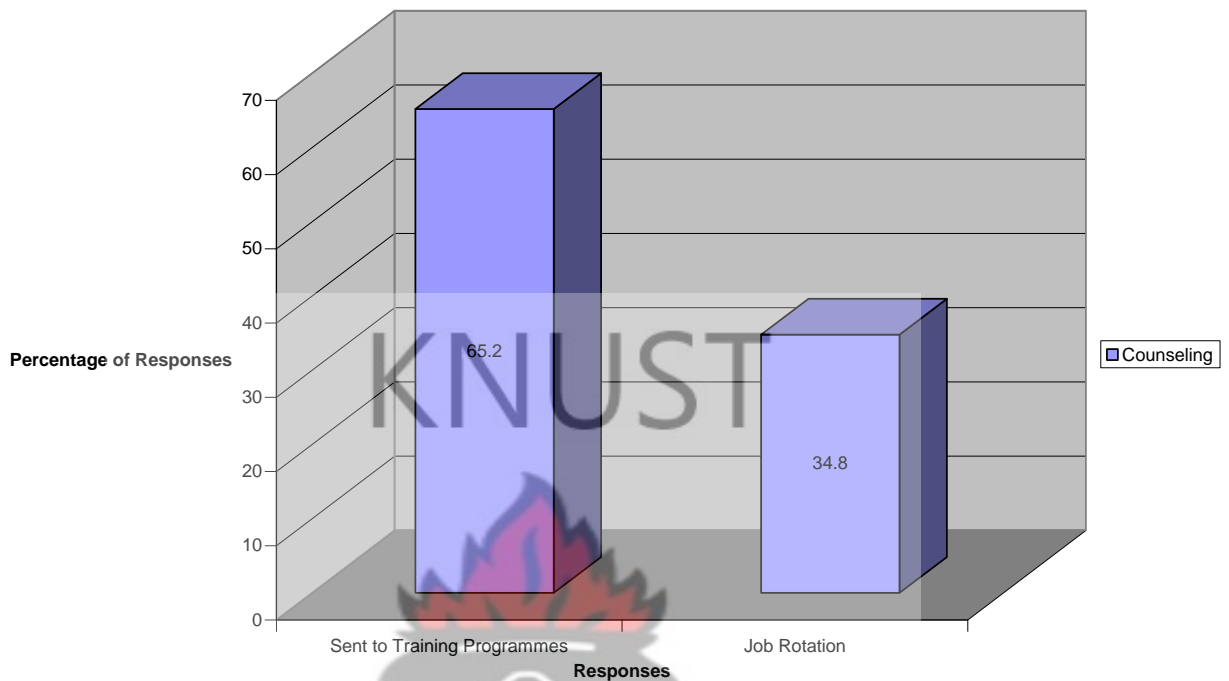
Figure 4.13: Remedial measures taken after counseling

Source: Author's field study (2012)

4.9.2 Remedial Measures taken after Counseling

To assess the attitude of the employees towards performance appraisal, the respondents were asked the kind of remedial measures taken after counseling. From fig 4. 13, (73) 63.5% indicated they were sent to training programmes after counseling while (40)34.8% answered that rotation on job took place as a remedial after counseling.
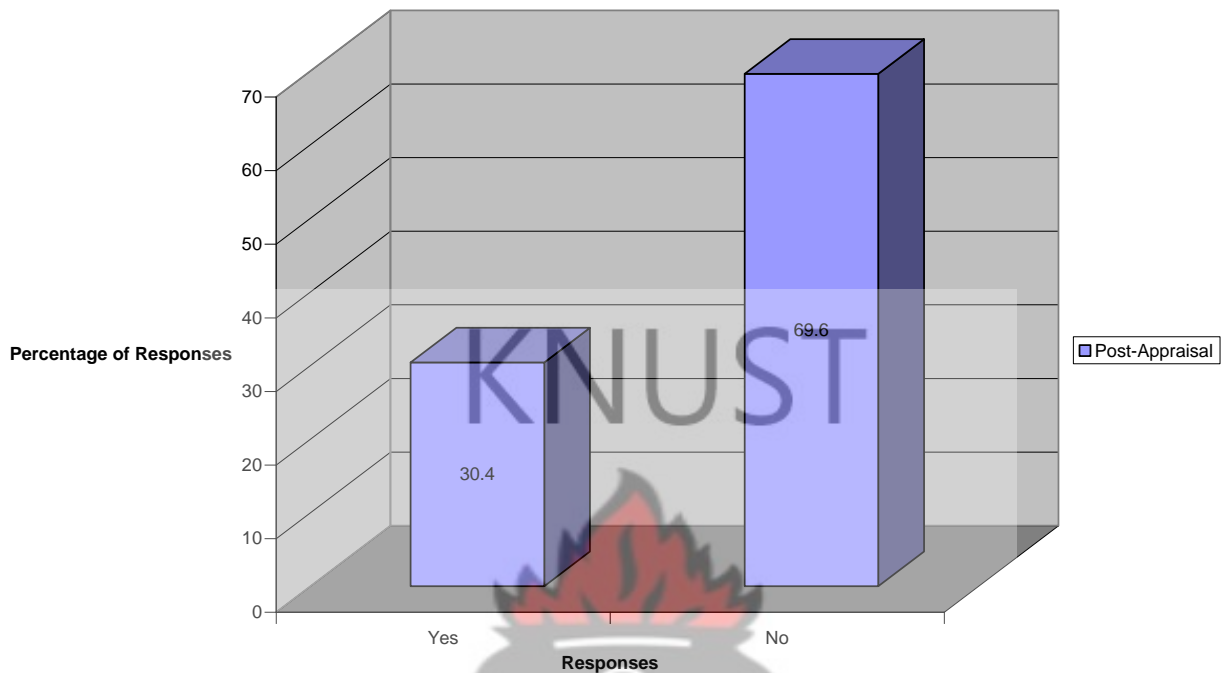
Figure 4. 14: Post - Appraisal Discussion

Source: Author's field study (2012)

4.9.3 Post – Appraisal Discussion

On the issue of the attitudes of the employees after appraisal, respondents were to indicate whether there was any post-appraisal discussion between them and those who appraise them, their responses are as shown in figure 14 below. From fig 4. 14 (80)69.6% were of the view that there were no any post –appraisal discussion between them and their appraisers while (35)30.4% answered that there was post appraisal discussion between them and their appraisers.
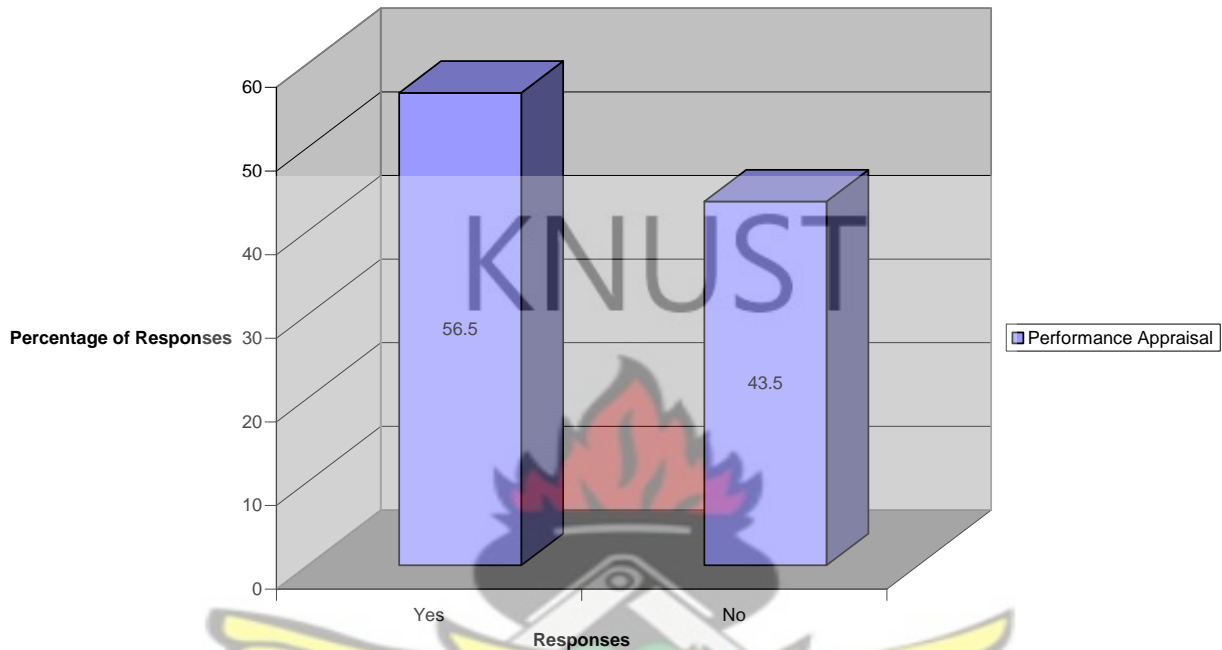
Figure 4. 15: Impact on Performance Appraisal

Source: Author's field study (2012)

4.9.4 Impact of Performance Appraisal

Fig 4. 15 gives the responses obtained when respondents were asked to indicate whether performance appraisal had any impact on their performance, (65) 56.5% answered that performance appraisal had impact on their performance while (50) 43.5% indicated that performance appraisal had no impact on their performance. This means that half of the respondents were of the view that performance appraisal had an impact on their

performance. With this, employees will see the need for performance appraisal and will embrace it.

Table 5: Basis of Performance Appraisal

Variable	Respondents	Percentage of Responses
Check Performance	42	36.5
Attitude towards work	14	12.2
Management Decision	24	20.9
Reward Employees	3	2.6
Promotional Basis	5	4.3
Total	**88**	**76.5**

Source: Author's field study (2012)

4.9.5 Basis of Performance Appraisal

To achieve the objective of assessing the attitude of the employees, the respondents were asked to indicate on the basis in which performance appraisal is done. To this question, (42) 36.5% indicated that performance appraisal was done to check level of performance. (14) 12.2% indicated performance appraisal was done to check the attitudes of employees towards work, (24)20.9% answered that performance appraisal was done on management decisions, (3) 2.6% were of the view that the basis for which performance appraisal was done was to reward employees, (5) 4.3% were also of the view that performance

appraisal basically intended for promotional purpose. It was found that (27) 23.5% of the respondents did not answer this question. The responses of the respondents to this question are shown in table 5.
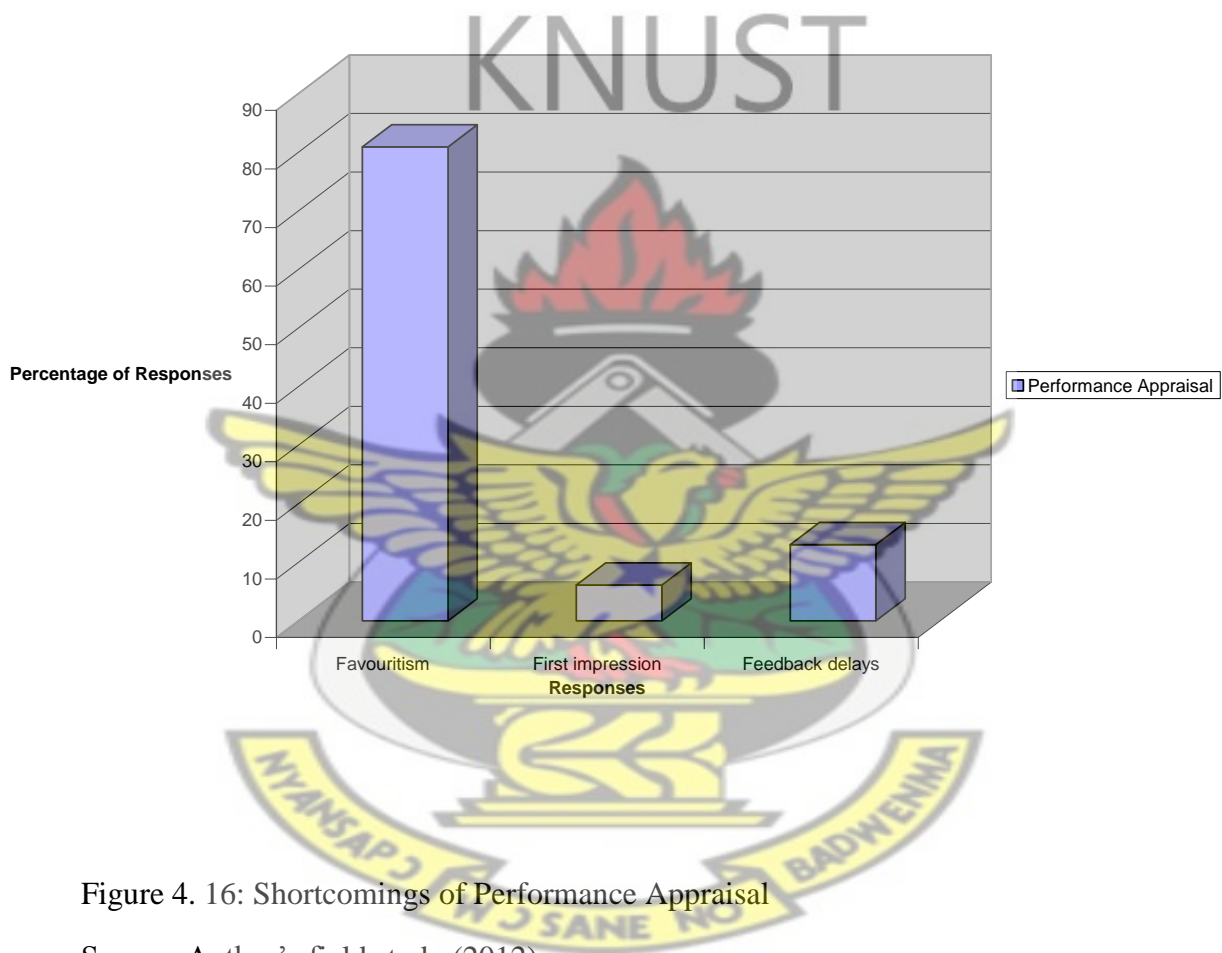
Figure 4. 16: Shortcomings of Performance Appraisal

Source: Author's field study (2012)

4.9.6 Shortcomings of Performance Appraisal

The figure 4. 16 above shows shortcomings of performance appraisal. When the respondents were asked to indicate the shortcomings of performance appraisal,

(93)80.9% were of the view that there is favoritism in performance appraisal. (7) 6.1% answered that some supervisors used first impression as a yardstick in performance appraisal, (15) 13% indicated that feedback to performance appraisal delays too much. Based on this analysis, majority of the respondents were in support of favoritism as a shortcoming of performance appraisal which can hinder the objectives and aims of performance appraisal, this can lead to a total loose of trust in the system.
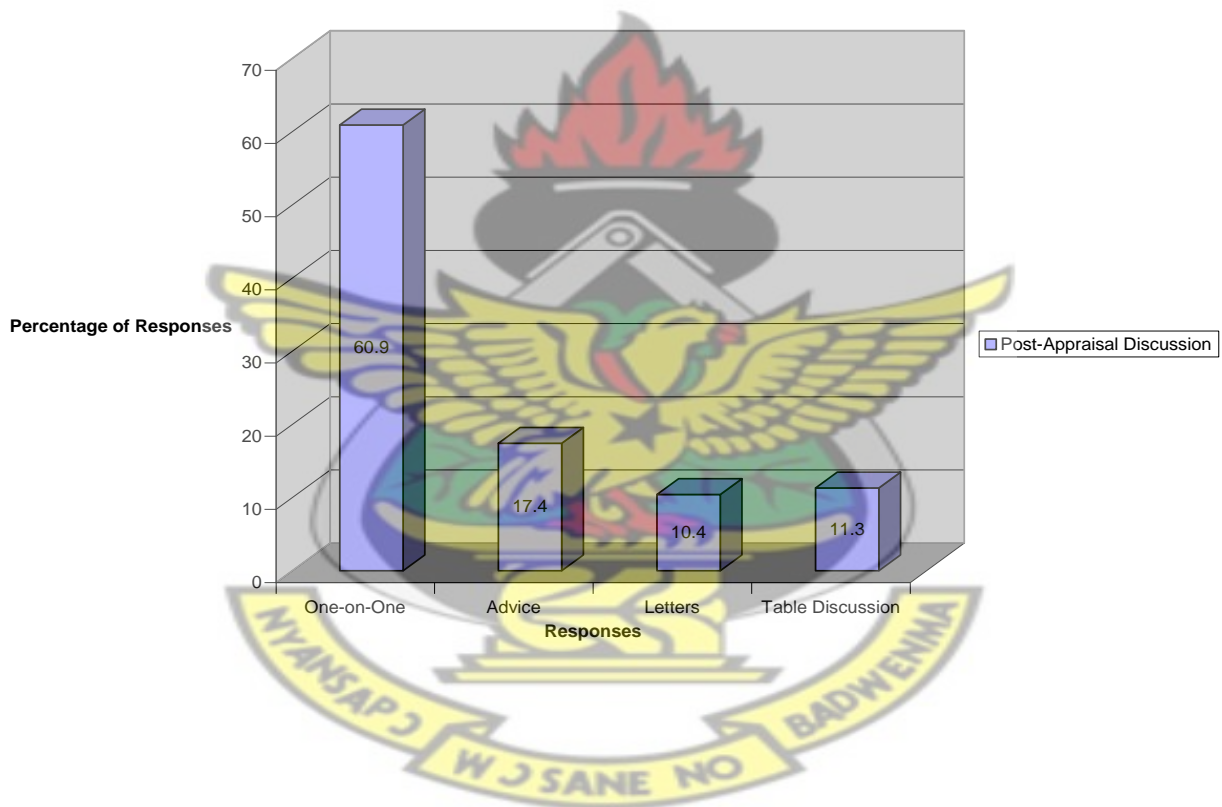
Figure 4. 17: Form that Post-Appraisal Discussion Take

Source: Author's field study (2012)

4.9.7 Form that Post-Appraisal Discussion Take

The sampled opinion on respondents views on form that post – appraisal discussion take, (20) 17.4% indicated that they were advice. (70) 60.9% indicated that their appraisal discussion took the form of one – on – one. (12)10.4% indicated that letters are given to them as a form of post appraisal discussion. (13)11.3% also indicated that post – appraisal discussion take form in table discussion. These responses are indicated above in fig 4. 17.
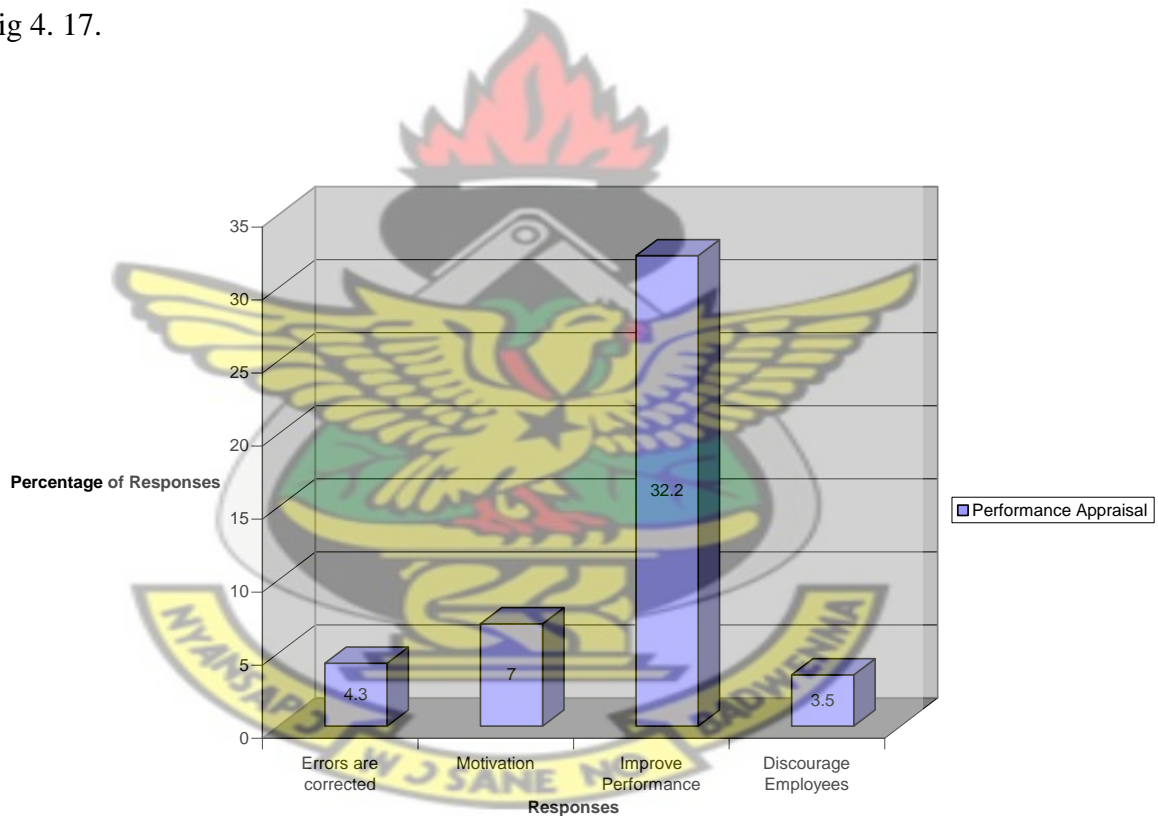
Figure 4. 18: Impact of Performance Appraisal on Employees Performance

Source: Author's field study (2012)

4.9.8 Impact of Performance Appraisal on Employees Performance

The sampled opinion in fig 4. 18 in response to the impact of performance appraisal on employees performance indicated that (5) 4.3% answered that their mistakes on previous work are corrected, (8) 7% indicated that performance appraisal serves as a source of motivation for them, (37) 32.2% answered that performance appraisal help them to improve on performance, and the least (4) 3.5% indicated that performance appraisal discourages them. It was found that (61) 53% of the respondents did not answer this question. Based on this analysis, majority of the respondents were in support that effective performance appraisal would enhance employees' performance.
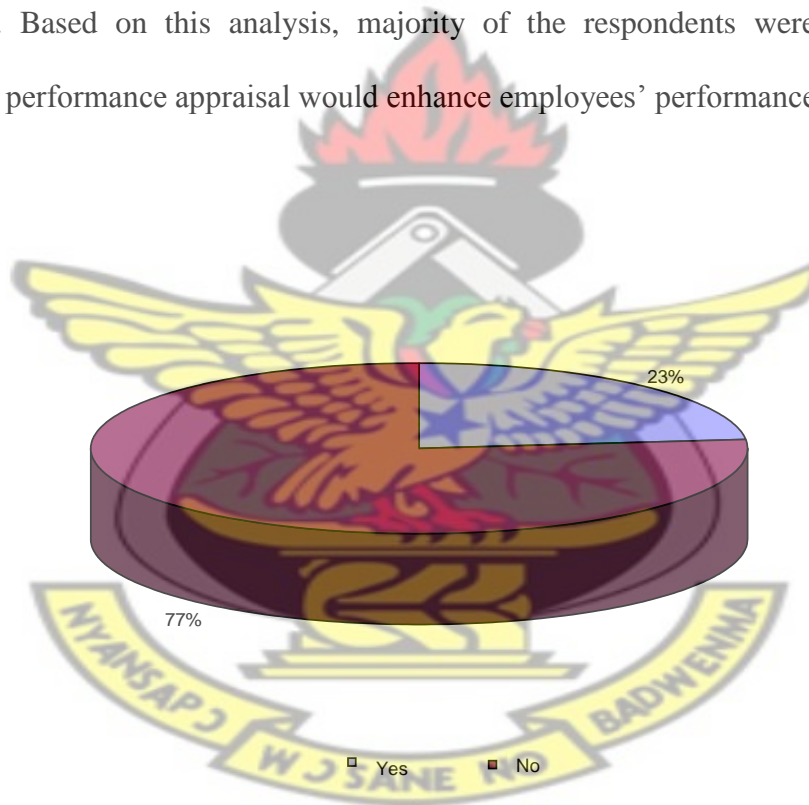
Figure 4. 189: Awareness of Shortcomings to Performance Appraisal System

Source: Author's field study (2012)

4.9.9 Awareness of Shortcomings to Performance Appraisal System

Fig 4. 19 shows the respondents' awareness of shortcoming to performance appraisal system. The 'yes' or 'no' question posed to the respondents on the above area under discussion revealed that (26) 22.6% were aware of some shortcomings to performance appraisal system while (88) 76.5% answered that they were aware of any shortcoming to performance appraisal system. Based on this analysis, majority of the respondents were not aware of any shortcomings to performance appraisal system.

4.10. Interview conducted with Head of Human Resource, FASL

From the interview with the Head of Human Resource, it came out that FASL's policy on PA is the fact that it's an ongoing process with an annual formal meeting to review progress, to be used to identify the individuals' development needs and support objectives of training and development, to improve the effectiveness of the organization by contributing to achieving a well motivated and competent workforce.

It was also made clear that superiors appraise subordinates and emphasized the fact that there are some short comings with the PAS and when asked what the organization is doing to eliminate those short comings it was made clear that usually there is a study of the of the types of bias, reviewing employee documents to gain a complete picture of past performances, read the performance standards that were set for all job duties and task which the employee is responsible, comparing the performance standards to actual work. Again, when asked about the relationship between superiors and subordinates before and after appraisal, it was established that it normally cordial but those who feel they were not

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fairly appraised tend to be bitter and management takes step to remedy the situation by way of counseling and   calling a meeting for grievances to be heard and solutions provided immediately.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 INTRODUCTION

This chapter presents the summary of the main findings and offers the conclusions and recommendations for the study.

5.1 Summary of Findings

From the field data collected, it was discovered that females dominated in the area of study, 57.4% of the respondent constitutes female while 42.6% constitutes male. Majority of the respondents fall within the age bracket 26-40 years. This age group form 75% of the total respondents sampled for the study. The study also revealed high literacy rate among the respondents in the study area. Of all the 115 respondents, 62.5% had education beyond secondary and technical level. This means that few respondents' had secondary and technical education. Majority of the respondents pointed out that they were aware of the type of performance appraisal used to assess their performance. In addition, the study found out that performance appraisal is done annually at FASL. Furthermore, 100% of the respondent indicated that performance appraisal is done annually. All respondents were of the view that performance appraisal is done annually.

5.1.1 Rationale Behind Performance Appraisal System

The research revealed that 88.7 % of the respondents were aware of the rationale behind performance appraisal while 10.4 % of the respondents indicated that they do not know the rationale behind performance appraisal. This implies that majority of the respondents were aware of the rationale behind performance appraisal system.

5.1.2 Feedback to Performance Appraisal Report

The study revealed that feedback on performance appraisal reports were not made available to majority of the employees and in instance when it is made available employees would have to request.

5.1.3 Counseling after Appraisal

The study revealed that (12) 10.4% indicated that counseling is always done after appraisal, (27) 23.5% were of the view that counseling is often done, (20) 17.4% indicated that counseling is rarely done, (37) 32.2% indicated that counseling has never taken place after PA and (18) 15.7% indicated that they can not say whether counseling is done after appraisal.

5.1.4 Benefits Derived from Performance Result

The findings suggested that majority of the employee benefits from performance appraisal. Thus (91) 79.1% of the respondents derived enough benefit from performance appraisal.

5.1.5 Shortcomings of Performance Appraisal

The study revealed that majority of the employees was of the view that the main shortcoming to performance appraisal was favouratism. Which renders the system as unfair and negatively affects the attitude of employees.

5.1.6 Impact of Performance Appraisal on Employees Performance

It was discovered that, Performance appraisal had impact on employees performance, thus, when appraisal is fairly done, employees tend to be pleased and it reflects in their work output, when it is not fairly done, but poorly done employees become bitter and it

affects their performance. Effective and fair performance appraisal process would enhanced employees' performance.

5.2 Conclusion

From the analysis carried out by the researcher, the study draws the following conclusions.

Performance appraisal comes with a lot of remuneration and package for both the employee and the organisation as a whole. However, it should not be overlooked that performance appraisal also has its shortcomings or negative effects towards the employees and the organization as a whole, though it seems that the positive effects outweigh the negative effects. Favoritism was the main shortcoming to performance appraisal. It was obvious from the study that performance appraisal should on the whole be embraced by all organisations, so that good and effective results leading to the realization of organisational goals can be achieved.

Respondents also revealed that one of the challenges they encountered after appraisal was the fact they did not get enough feedback on their performance which does not enable a better communication between management and employees and thus can hinder promoting the future of the business.

5.3 Recommendations

Based on the findings of the study, the following recommendations are suggested:

Performance Feedback

Feedback to performance appraisal results should be improved to help employees know their shortcoming and correct it immediately, which would result in employee motivation to improve performance. In doing so, supervisors should pin point the problem behaviours and make sure the employee is aware of it and to understand the consequences of the problem. Get employee's commitment to change and make sure he cares about the change. Researcher also recommends that, assistance should be provided by supervisors by so doing a realistic plan appropriate to the behavior and set a time frame for improvement and also make sure that performance review is done from time to time.

Favouritisim

During the study, it was realized that favouritism was a problem, it is therefore recommended that appraisers should be educated to eschew personal biases and try as much as possible to eliminate favouritism in the PAS. In doing so, appraisers should be trained for a clear understanding of the PAS and its objectives and also counseled to be unbiased, but be just, fair and honest in appraising. This will encourage other employees who are not favoured to work hard.

Counseling

Even though counseling session takes place, most of the employees indicated that it is not always the case. it is therefore strongly recommended that the organization should incorporate that strictly into the policy and enhanced by supervisors. Also, many of the supervisors are not trained enough to counsel employees, thus they conduct appraisal

with insufficient information regarding the performance of the subordinate. There should also be a fair hearing thus a two-way communication during this process and the employee's side of the story is heard.

Training Needs.

Performance appraisal in FASL does not identify training needs. It will be in the best interest of FASL should performance appraisal be structured in such a way that it would identify relevant training needs. When this is done, it will ensure that staff is given the necessary training which when given will ensure a better work output

Type of performance appraisal

From the research, it was realized that the institution does not use only one type of performance appraisal which is very commendable. Each of these methods has its own combination of strength and weakness and none is able to achieve the purpose of performance appraisal, neither is anyone able to evade all of the pitfalls. It is therefore recommended that the institution continues with the combination of methods.

5.4 Other recommendations

This study was limited to only branches of FASL in Kumasi and Obuasi. In order to generalize the findings, it is suggested that a similar study should be conducted in branches of FASL in other regions of Ghana.

Performance appraisal should be more transparent and rationale. In some areas of performance, there should be self appraisal and more counseling so that employees improve weak area and understand what is expect of him on the organizational level.

There should be a greater clarity in terms of job responsibility so as to know what is expected from the employees to perform better. The key to enjoying a successful career is to be aware of the job responsibilities and duties which will help avoid any mismatch in the expectations from both the employees' side as well as the organisation's side.

As a way to monitor performance effectively, it is advised that performance appraisal is done quarterly. FASL does appraisal annual without any other communication on performance issue within the year.

Promotional policy should not be changed yearly, there should be consistency. Monitory difference between grades should not be too large but motivating enough.
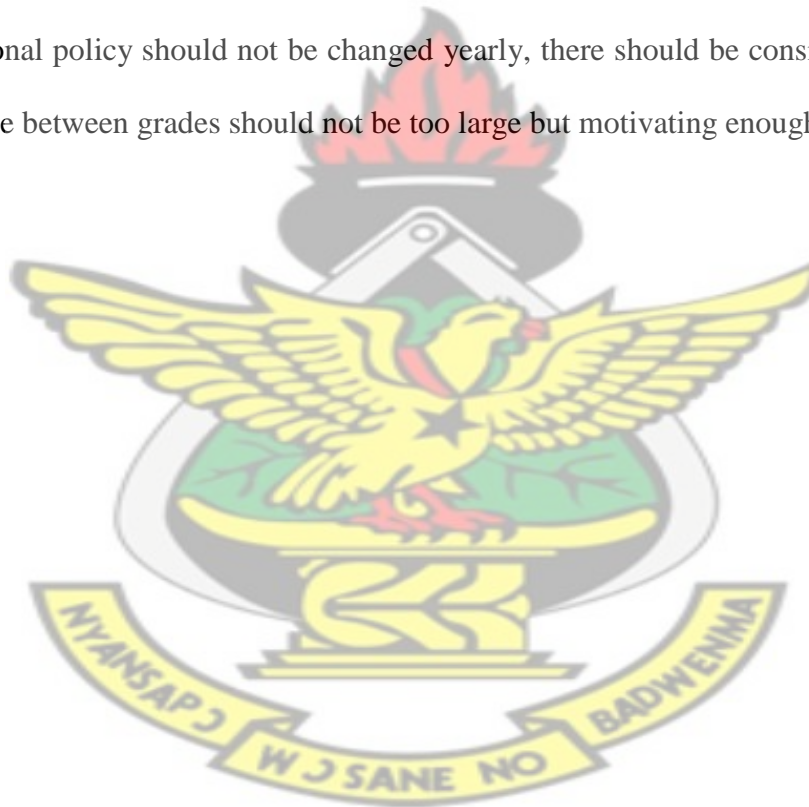
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A QUESTIONAIRE FOR STAFF OF FIRST ALLIED SAVINGS AND LOAN LIMITED

This questionnaire is aimed to obtain information on the effects of performance appraisal on employees' attitude at First Allied Savings and Loans Company Limited. This research is being done as part of the requirements for the award of Master of Business Administration in Human Resource Management. You will be contributing resourcefully to the success of this research by providing objective answers to this questionnaire. The research is being conducted for academic purpose, you are, therefore, assured that the information you give will be treated confidential.

A.RESPONDENT PROFILE

INSTRUCTIONS: Please tick [   ] the responses to the questions

1 .Age of respondents: Below 25 [   ]   26 – 40 [   ]   41 - 50 [   ]   above 51 [   ]

2. Gender of respondent: Male [   ]   Female [   ]

3. Level of Education of the respondent: Secondary School [   ]   Polytechnic [   ]

   University [   ]   Others [   ]

4. How long have you been with First Allied Savings & Loans Company Limited?

Below 5 years [   ]   6-10 years [   ]   11- 15 years [   ]   16 years and above [   ]

5. Which department do you work with?

 Audit [   ]   Fin. & IT [   ]   Credits [   ]

Operations [   ]   Admin. & HR [   ]

SECTION B: EFFECTIVENESS AND EFFICIENCY OF PERFORMANCE APPRAISAL

ON EMPLOYEE ATTITUDE

1. Do you know the rationale behind performance appraisal system?

   Yes [   ]   No   [   ]

2. How often is the performance Appraisal done?

   Fortnightly [   ]   monthly [   ]   six-monthly [   ]   annually [   ]

3. On what basis is the performance appraisal done?

   Check performance [   ]   Attitude [   ]   Management Decision [   ]

   Reward Employees [   ]   Promotional Basis [   ]

4. Who appraises you?

   Appraisal committee [   ]   Immediate supervisor   [   ]

   Self appraisal [   ]   360 degree appraisal   [   ]

5. What performance appraisal methods are being used?

   Ranking method [   ]   essay method [   ]

   Management by objective [   ]   critical incident method [   ]

   Others [   ]

6. How do you rate the overall assessment of performance appraisal

   Outstanding [   ]   very good [   ]   good [   ]   satisfactory [   ]

   poor [   ]

C. EXPLORATION OF THE ATTITUDES OF THE EMPLOYEES AND THE

CORRELATION BETWEEN FAIR AND BIASED ON PERFORMANCE APPRAISAL

1. Is promotional policy linked with the performance appraisal system?

   Yes [   ]   no [   ]   can't say [   ]

2. Do you get feedback to your performance appraisal report?

   Yes, every time [   ]   often, but not always [   ]   only when required [   ]

   rarely [   ]   never [   ]

3. Does the organization provide counseling after the appraisal?

   Always [   ]   often [   ]   rarely [   ]   never [   ]   can't say [   ]

4. Does the organization derive any benefit from the performance appraisal?

   Yes [   ]   no [   ]

5. Are you aware of any shortcomings to the performance appraisal system ?.

   Yes [   ]   No [   ]

   If yes State them…………………………………………………………………………...

   ……………………………………………………………………………………………

   ……………………………………………………………………………………………

   ……………………………………………………………………….................................

SECTION D: ATTITUDES OF THE EMPLOYEES TOWARD APPRAISAL IN ORDER TO

HELP THE ORGANIZATION IMPROVE PERFORMANCE AND QUALITY

1. Does performance appraisal identify training needs?

   Yes ☐ No ☐

   Provide reasons for your answer……………………………………………………….

   …………………………………………………………………………………….....

   ………………………………………………………………………………………

2. What kind of remedial measures are taken after counseling?

   Job rotation ☐   sent on training programmes ☐

3. I there any post appraisal discussion between you and your appraiser after the

   appraisal section?

   Yes ☐   No ☐

4. If Yes, what form does it take?

   One-on-one ☐   Advice ☐   letters ☐   Table ☐

   discussion ☐

5. Does Performance appraisal have an impact on employees performance

   Yes ☐   No ☐

APENDIX B

Interview

INTERVIEW QUESTIONS FOR THE HEAD OF DEPARTMENT, HUMAN RESOURCE, FIRST ALLIED SAVINGS & LOANS LTD.

1. What is the Staff performance Appraisal policy for FASL?

2. Who appraises employees?

3. Are there any shortcomings in the performance appraisal system?

4. If yes, how is the organization trying to eliminate that.

5. How would you describe the relationship between appraisers and appraise before and after performance appraisal system?

6. Are staff members able to express their grievances after appraisal?

7. How is employee sentiments treated after appraisal?

8. Are employees satisfied with the performance appraisal system?